



Poverty in Northern Ireland 2022

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This report explores the rates of poverty of Northern Ireland and assesses the impact that poverty is having on the lives of people who live in Northern Ireland. It also looks at how Northern Ireland's rates of relative poverty compare with those elsewhere in the UK.

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As Northern Ireland entered the pandemic, nearly one-in-five people in Northern Ireland lived in poverty, including over 100,000 children. With 1 in 14 households in food insecurity, the recent spike in energy prices, and wider inflation, as well as certain areas of Northern Ireland and groups such as people in workless families, disabled people, carers and people in ethnic minority households having much higher poverty rates, people across Northern Ireland need the next Executive to go further and focus on:

1. The adequacy of the social security system, in particular:

- Consider whether to reverse, or at least partly mitigate, the impact of the £20-per-week cut to the basic rates of Universal Credit.
- More effectively match benefit up-rating to the cost of living; failing to do so will push 10,000 more families in Northern Ireland into poverty.
- A targeted payment such as the Scottish Child Payment could reduce child poverty.
- Consider the role that DLA/PIP can have in helping disabled people into the labour market, including considering how the administration of the payments could be redesigned with dignity and poverty reduction at their heart.

2. Investment in the housing market:

- Building more energy efficient social housing to shorten waiting lists and provide affordable, good quality, warm and secure homes for more people.
- Continuing the drive to regulate the private rented sector more effectively, with a particular focus on security of tenure.

3. Take action to provide targeted employability support to people struggling most to secure well-paid jobs, not least disabled people and single parents.

4. Work with employers and the education and skills system to ensure that people are able to secure the skills that they need for the jobs of the future, not least the significant potential for jobs in transition to a low-carbon economy.

Introduction

How we produced this report

The purpose of this report is to explore the rates of poverty of Northern Ireland and to assess the impact that poverty is having on the lives of people who live in Northern Ireland. It also looks at how Northern Ireland's rates of relative poverty compare with those elsewhere in the UK.

Due to the limited amount of more current data available, the report uses data that runs up to the start of the Covid-19 pandemic in March 2020. Later this month we will see the first set of data for the period covering the first year of the pandemic (approximately the financial year 2020/21). That data will provide detailed insight into what happened to people's incomes and the rates of poverty during that time, but in some ways it will only provide a snapshot. Many of the changes that were seen during the pandemic, of business closures, the furlough scheme, social isolation and many of the increases in social security support, are no longer present. As a result, it will provide less insight into general trends of poverty over time in Northern Ireland, or elsewhere in the UK.

This report also coincides with one of the most acute squeezes on living standards in recent memory – with inflation likely to run over 5% for quite some time. Driven in large part by startling jumps in energy bills, people living in poverty in Northern Ireland (as with people across the UK) face impossible choices to meet household budgets each week. As with the impacts of the pandemic, this report is unable to explore in depth what impact these cost-of-living increases are currently having, but with average incomes in Northern Ireland amongst the lowest in the UK going into the pandemic, and with the continuing inadequacy of social security support, few would argue that conditions will not have worsened for households struggling to make ends meet.

That is not to say, however, that progress has not been made in Northern Ireland in the period running up to the pandemic. Incomes and employment rates have risen, albeit slowly, over the last decade and – coupled with the relative affordability of housing in Northern Ireland – headline poverty rates had fallen in the run up to the pandemic. This is in contrast to the position in England, Wales and Scotland where poverty has generally risen, driven by deep cuts to social security and varying rates of increasing housing costs.

As a result, in this report we sought to explain both why poverty rates have fallen in Northern Ireland and why they had done so compared to other places in the UK. In terms of why they have fallen in Northern Ireland, increases in employment rates and falls in housing costs have, in large part, driven that fall. With regards to the comparative fall, the difference is driven mainly by the relative affordability of housing.

There is one element of the fall that is, however, difficult to explain. In particular why, despite having a comparatively higher proportion of the population who receive social security payments as part of their income, there has not been a large increase in poverty amongst this group as there has been everywhere else in the UK. Of course, the Northern Ireland Executive has also mitigated some of the worst elements of

Universal Credit – such as the five-week wait and benefit cap – but, again, while clearly valuable to those who receive it, it is less clear if it is having a significant impact on headline poverty rates.

As a result, further work is required to unpick these differences and we will need to work with partners in Northern Ireland to do that work.

Similarly, in discussions with partners in Northern Ireland it is also clear that these falls in headline poverty rates are not necessarily reflected in significant improvements in standards of living. Regular reports of large increases in demand for foodbanks are a stark reminder of the depths of many people's struggles, and highlight why a single measure of poverty does not always tell the full story. Again, we would like to explore how we could tell a more compelling story about how these high-level improvements in relative poverty rates are, and are not, translating into improvements in the standard of living of people on low incomes in Northern Ireland.

In some ways, then, producing this report has raised as many questions as it has answered, and we look forward to exploring these issues in more detail with partners in Northern Ireland.

The main findings

As Northern Ireland entered the pandemic, nearly one-in-five people in Northern Ireland lived in poverty, including over 100,000 children. Some groups are impacted by poverty much more than others, with disabled people locked out of the labour market, carers being at huge risk of poverty, and nearly 4 in 10 single-parent families being in poverty.

As we note above, while these rates are generally lower than elsewhere in the UK, Northern Ireland still significantly lags other parts of the UK as regards earnings and employment rates. This means more people either have to rely on social security for their income, putting them at very high risk of poverty, and/or the income they are able to secure through work is lower than it would be elsewhere in the UK.

Clearly this is of concern, but it also demonstrates the potential for more significant reductions in poverty levels and improvements in quality of life. Efforts to increase households' incomes from work, reduce economic inactivity and close employment gaps (for disabled people in particular) could act to drive down poverty in Northern Ireland.

And while relatively affordable housing costs, compared to other parts of the UK, act to protect families from being pushed into poverty, the housing market in Northern Ireland is at a fragile point. The overreliance on a poorly regulated private rental market means that people often have insecure tenure, poor-quality housing, and are more likely to see rises in their rents. While the freezing of Housing Executive rents is welcome, the relative affordability of the wider housing market should not be taken as a given. Further investment in social housing as well as properly regulating the private rented sector must, then, be seen as a key priority for the next Executive.

The mitigations that the Northern Ireland Executive has agreed to Universal Credit are incredibly welcome, as is the recent commitment to their retention. Minimising upfront problems with Universal Credit, such as the five-week wait and childcare costs, are real practical supports to people that, while they may not show up in official statistics, will ease people's anxieties at difficult times. Similarly, the removal of the social sector size criteria, or bedroom tax, and the overall benefit cap can be worth, respectively, £650 a year and £2,000 a year on average to families receiving them.

But with 1 in 14 households in food insecurity, the recent spike in energy prices, and wider inflation, as well as certain areas of Northern Ireland and groups such as people in workless families, disabled people, carers and people in ethnic minority households having much higher poverty rates, people across Northern Ireland need the next Executive to go further. In particular, they should focus on:

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Poverty in Northern Ireland

This report looks back over the last two decades of poverty trends and related issues in Northern Ireland, and compares these to other parts of the United Kingdom. The report mainly presents a pre-pandemic picture of poverty in Northern Ireland, although we do also discuss briefly what is likely to have happened to poverty in Northern Ireland during the pandemic.

Because of small sample sizes for each part of the UK in many of the household surveys which are used in this type of analysis, the report mainly uses three financial year averages rather than data for single years, especially when comparing across UK nations or trends over time. So, for example, when we refer to data for 2017-20, we are referring to an average of three data periods - financial years 2017/18, 2018/19 and 2019/20. Throughout this report, when we use the term poverty, we are using the relative poverty rate, after housing costs, to measure poverty, unless otherwise stated.

As discussed in JRF's recent UK Poverty report¹, we know poverty has a wide range of negative consequences. It restricts the options and opportunities available to people and limits their access to things that are mostly taken for granted by society. Poverty at any stage of life can lead to later negative consequences. It constrains a person's ability to afford to buy what they need and participate in the activities routinely undertaken by others in society, as well as impacting both their own and their family's future prospects.

Trends in poverty

Headline poverty levels and changes

The latest data which covers 2017-20 shows us that 330,000 people in Northern Ireland live in poverty, that is 18% of the total population of 1,860,000 and almost one in five people. This figure consists of 110,000 children, 190,000 working-age adults and 30,000 pensioners². The poverty rate varies greatly between different groups within the population in Northern Ireland. Pensioners have the lowest poverty rate (12%), followed by working-age people (17%). Poverty is highest among children – around one in four children in Northern Ireland are living in poverty (24%). Overall poverty in Northern Ireland is the lowest of any country within the United Kingdom, with a similar if slightly lower poverty profile to Scotland.

This is a fairly recent trend, however. In 2009-12, poverty in Northern Ireland was virtually identical to poverty in England, having been on the rise since 2006-09. Since then, poverty in Northern Ireland has been on a downward trend while the trends in the other nations of the UK have been upwards, starting from a low level for Scotland, and a mixed picture starting from a high level in England and Wales. This has meant that by 2017-20, Northern Ireland had overtaken Scotland as the UK nation with the lowest poverty rate.

Looking by different groups, Northern Ireland had the lowest rate of working-age adult and pensioner poverty and the joint lowest child poverty rate with Scotland, having fallen over the period 2009-12 to 2017-20 for all three groups. Poverty levels and

changes in rates of poverty in Northern Ireland over the period 2009-12 to 2017-20 is contrasted with changes in other UK nations in the table below. It shows that Northern Ireland saw the lowest poverty rates and most significant reductions to them for each group over the last decade or so.

Over the period 2009-12 to 2017-20, there were different trends in poverty in each UK nation, but Northern Ireland clearly had the most favourable statistics

Nation	Overall poverty rate in 2017-20 (change since 2009-12)	Child poverty rate in 2017-20 (change since 2009-12)	Working-age poverty rate in 2017-20 (change since 2009-12)	Pensioner poverty rate in 2017-20 (change since 2009-12)
Northern Ireland	17.9% (-3.5 percentage points (ppt))	24.0% (-2.4 ppt)	17.1% (-3.8 ppt)	11.8% (-4.0 ppt)
Scotland	19.3% (+1.8 ppt)	24.3% (+2.8 ppt)	19.4% (+1.3 ppt)	14.5% (+2.5 ppt)
England	22.2% (+0.5 ppt)	30.4% (+2.2 ppt)	20.7% (-0.9 ppt)	17.2% (+2.8 ppt)
Wales	23.1% (+0.4 ppt)	30.6% (-1.7 ppt)	22.3% (-0.1 ppt)	17.9% (+4.0 ppt)

Green – lowest level (greatest fall)

Red – highest level (greatest rise)

Source: Households Below Average Income, 2019/20, DWP

In many respects, this is surprising. Average (median) incomes³ before housing costs in Northern Ireland are the second lowest of any nation, and similar to the North East, Yorkshire and the Humber, West Midlands, Wales and the North West, all of which have much higher rates of poverty. After housing costs, median income in Northern Ireland looks better, but is still mid-table.

Average incomes in Northern Ireland are a lot lower than in England or Scotland

Country / Region	Average income before housing costs (£ per week)	Average income after housing costs (rank)
Northern Ireland	£498	£453
England	£537	£463
North East	£480	£426
North West	£502	£446
Yorkshire and the Humber	£482	£428
East Midlands	£524	£459
West Midlands	£488	£431
East	£560	£486
London	£615	£474
South East	£595	£517
South West	£539	£469
Wales	£492	£440
Scotland	£533	£480

Source: Households Below Average Income, 2019/20, DWP

To start to work out why poverty levels and trends in Northern Ireland look more positive than other UK countries, it is important to look at the key drivers of poverty levels, in terms of levels and changes for Northern Ireland itself. Also, to consider how these differ in particular from England (which had a similar poverty profile to Northern Ireland in 2009-12 and a much worse one in 2017-20) and Scotland (which had a much better poverty profile than Northern Ireland in 2009-12 and a similar one in 2017-20).

The key drivers of changes in poverty levels are:

- Changes in employment rates, where improvements will reduce poverty.
- Changes in earnings. This will improve poverty if earnings increase more for lower-income households than middle-income households.
- Changes in benefits, where improvements in levels will reduce poverty.
- Changes in housing costs, where increases will increase poverty.

Something that disproportionately affects households with low incomes are changes in inflation. This has a limited effect on measured relative poverty though, which is purely based on income levels compared to median incomes, but will increase the cost of living.

A further reason for differences between countries is demography, insofar as if a country has a higher proportion of a high-poverty group compared to another, this would mean, all else being equal, that country would be expected to have a higher poverty rate.

The table below summarises each of these drivers for Northern Ireland, both in changes over time and compared to changes in England and Scotland for working-age families.

Changes to drivers of poverty levels in Northern Ireland between 2009-12 and 2017-20 for individuals in working-age families

Factor for low-income families	Change between 2009-12 and 2017-20	Level compared to England and Scotland	Changes relative to England and Scotland
Employment income	Improving	Lower	Similar trends
Benefits income	Worsening	Higher	Worsening less than in other countries
Housing costs	Improving	Lower	Improving more
Inflation	Not available by country. Volatile over period, but average inflation in 2017-20 lower than in 2009-12.		
Demography	Little change	Higher proportion of high poverty groups	Little change

What we see is that the answer to why poverty in Northern Ireland improved between 2009-12 and 2017-20 was improving employment income for lower-income families and reducing housing costs. There was a drag on improvements from changes in the benefits system, but this was not enough to reverse the progress there. Performance was stronger than in England and Scotland because in those countries most of housing-cost changes were negative⁴ and the negative effect of benefit income reductions was larger, and these were enough to reverse the positive effect of growing income from employment.

For pensioner families, the biggest driver of improvement is a growth in benefit income both in absolute terms and compared to England, Scotland and Wales, driven by increased take-up (see Benefits and poverty section).

Changes to drivers of poverty levels in Northern Ireland between 2009-12 and 2017-20 for individuals in pensioner families

Factor for low-income families	Change between 2009-12 and 2017-20	Level compared to England and Scotland	Changes relative to England and Scotland
Employment income	Not a large income source for low-income pensioners		
Benefits income	Improving	Similar	Improving more
Housing costs	Increasing slightly	Much lower	Mixed
Inflation	Not available by country. Volatile over period, but average inflation in 2017-20 lower than in 2009-12.		
Demographics	Little change	Lower share of single pensioners with higher poverty rates	Little change

We have looked at the changes in these drivers between 2009-12 and 2017-20, but it is also worthwhile considering what has happened since then. Many of the changes that were seen earlier in the pandemic, of business closures, the furlough scheme, social isolation and some of the increases in social security support, are no longer present.

As described in Poverty in the UK⁵, these are likely to have cushioned some of the poverty-increased impacts of the pandemic, but looking further forward the picture is more worrying, with one of the most acute squeezes on living standards in recent memory – with inflation likely to run over 5% for quite some time, driven in large part by startling jumps in energy bills. This means both earnings and benefits will fall behind inflation, and housing costs may continue to rise, with the potential to undo some of the reductions in the headline poverty rate since 2009-12.

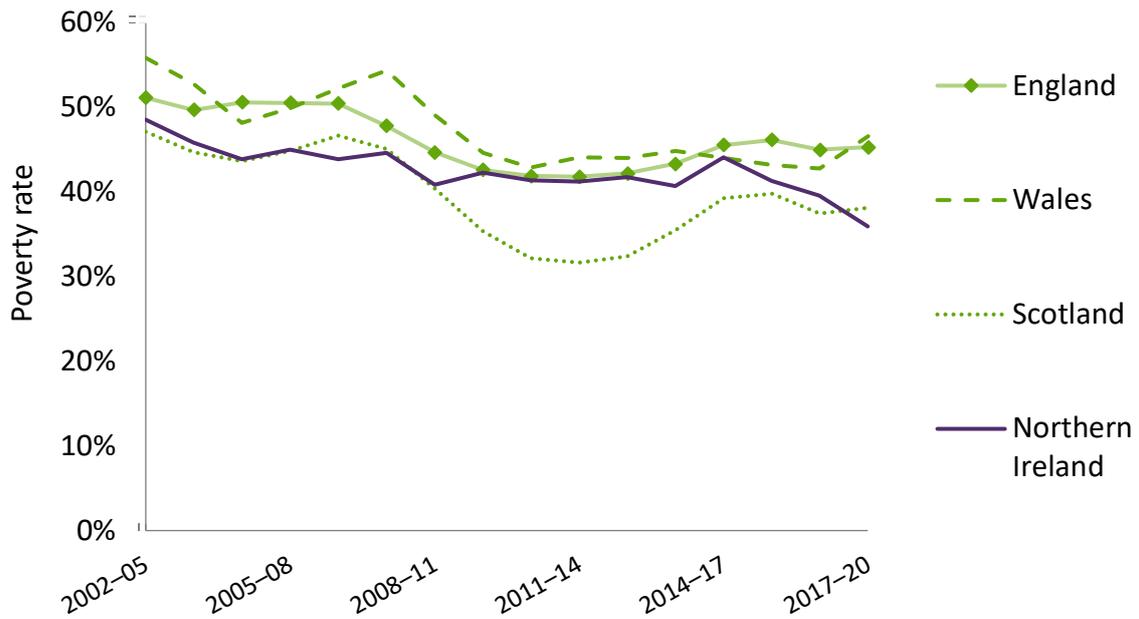
Family composition and poverty

Northern Ireland has the lowest poverty rate of all UK nations for all family types, jointly with Scotland for pensioner couples and couples with children. This includes lone-parent families where the poverty rate is 36%, which is still far too high but much lower than the rate of around 45% in England and 47% in Wales, with the rate in Scotland being slightly higher than Northern Ireland at 38%. The poverty rate is

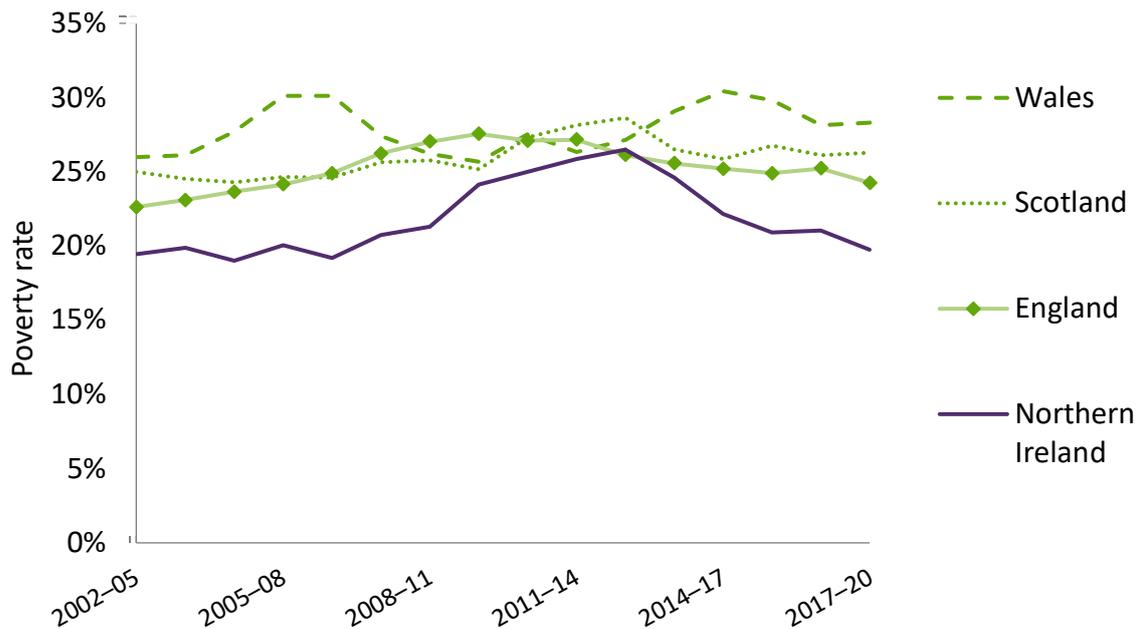
particularly low in Northern Ireland compared to the other countries of the UK for single families without children (20%) and single pensioner families (14%), with the other nations of the UK having much higher poverty rates (between 24% and 28%, and 19% and 24% respectively).

Northern Ireland has the lowest poverty rates for all family types (sometimes jointly with Scotland)

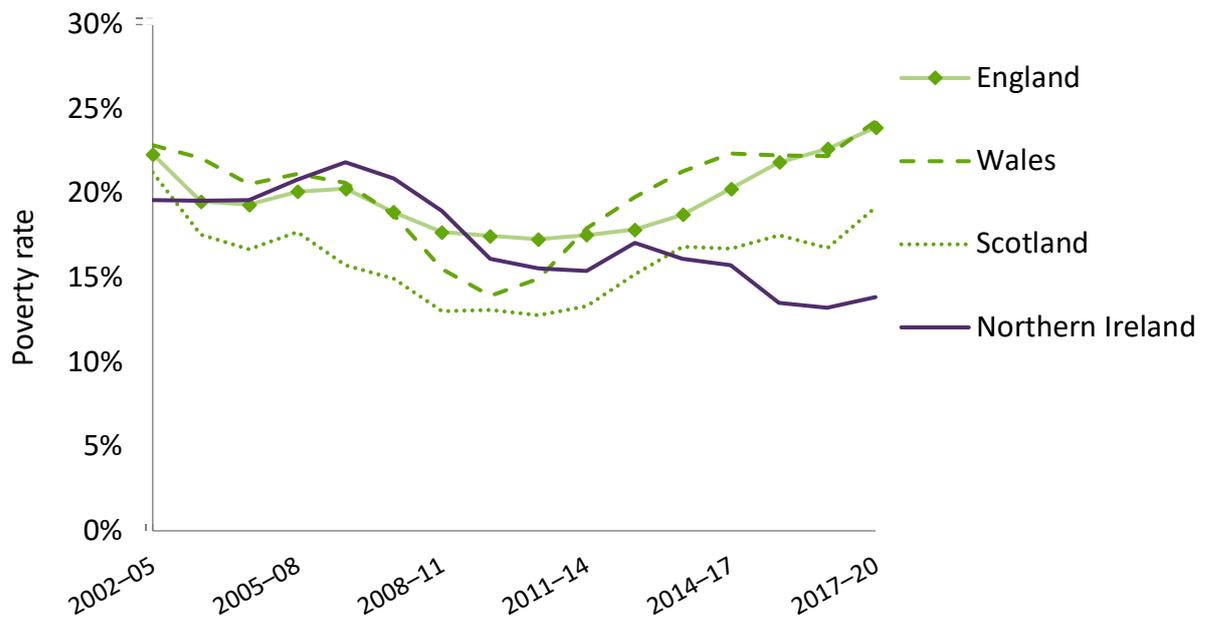
Lone-parent family



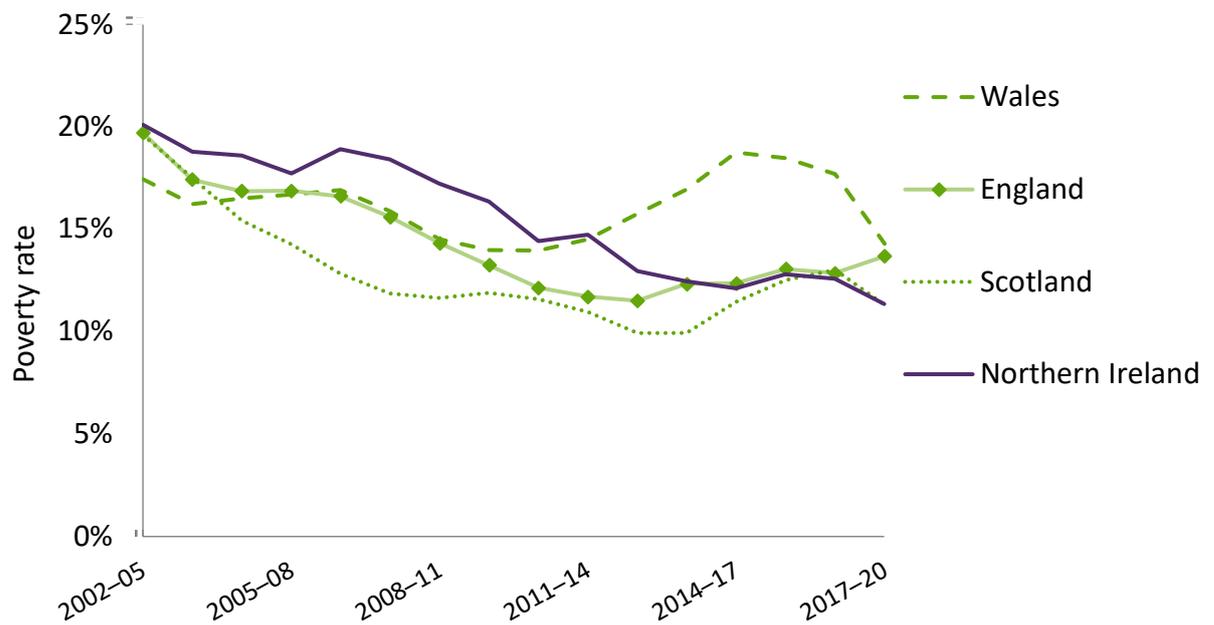
Single without children



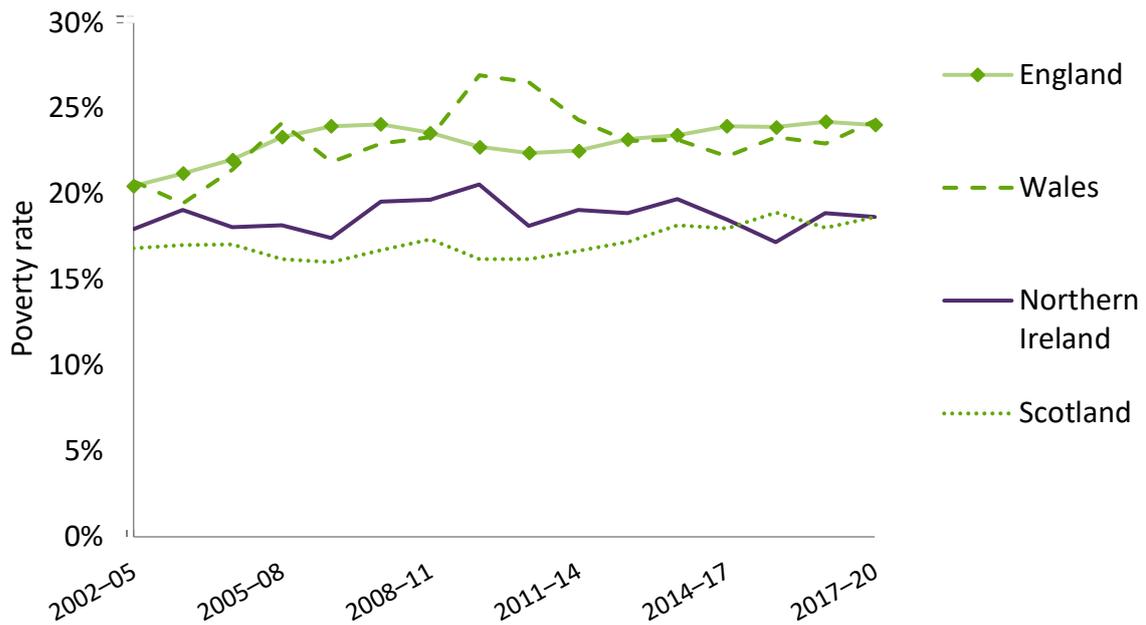
Single pensioner



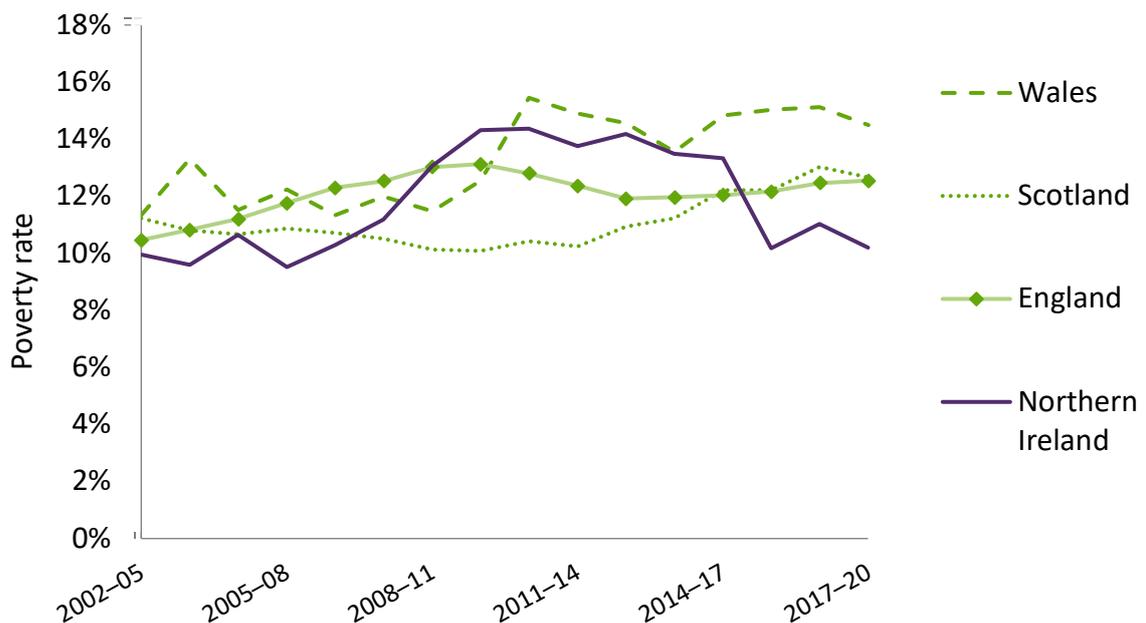
Pensioner couple



Couple with children



Couple without children



Source: Households Below Average Income, 2019/20, DWP

Between 2009-12 and 2017-20, poverty rates fell for all family types in Northern Ireland, the only nation which achieved this. Most notably, Northern Ireland has seen a larger reduction than other UK nations in poverty among lone-parent families in recent years. In 2009-12, the poverty rate for this family type was 42% but has since fallen to 36% in 2017-20, a fall of six percentage points. This contrasts with other UK nations where there has actually been a two or three percentage point increase over the same time period.

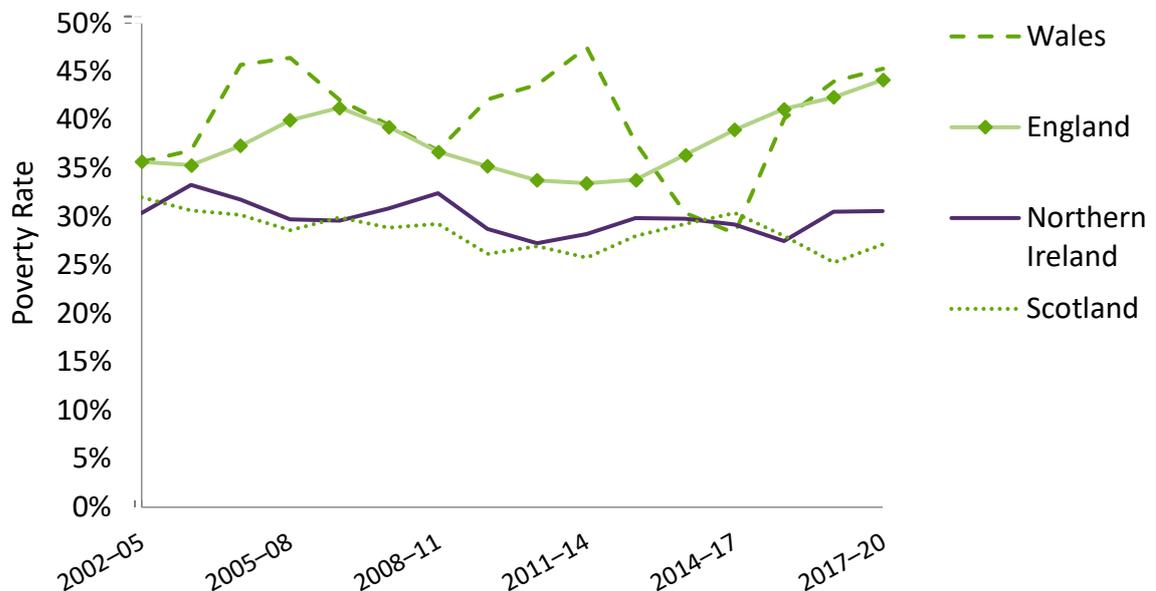
Another family type where poverty in Northern Ireland has fallen compared to the rest of the UK is single pensioner families. This family type saw a fall of two percentage points between 2009-12 and 2017-20, outperforming other UK nations that saw the poverty rate for single pensioner families increase by six to ten percentage points.

Northern Ireland has the lowest poverty rate in the UK for people living in a family with a young child. In 2017-20, people living in a family where the youngest child is aged 0-4 years old face a 25% risk of being in poverty, which is much lower than in England (32%) or Wales (31%), and is similar to Scotland (26%).

There has been little change since 2002-05 in the poverty rate in Northern Ireland for people living in a family where the youngest child is aged 0-4 years old. Between 2002-05 and 2017-20 the poverty rate for this group has fluctuated between 22% and 26% (25% in 2017-20). It also has low rates compared to other nations for families where the youngest child is aged 5-10 (Scotland has similar levels) and for families with no children, where the rate of 14% is much lower than other countries where the rates range from 18% to 20%.

A similar picture emerges when looking at poverty rates by family size. In 2017-20, the poverty rate for people living in a family with three or more children is 30%. This is considerably lower than in England (44%) or Wales (45%), and is the same level as in Scotland.

Poverty rates for larger families in Northern Ireland are the joint lowest of all UK nations (with Scotland) and have not seen the large rises seen in England or Wales



Source: Households Below Average Income, 2019/20, DWP

In Northern Ireland the poverty rate for this group has been fairly stable at between 27% and 31% since 2009-12 and has typically been lower than in both England and Wales over this period. Since 2012-15, there has been an increasing divergence in the poverty rate for this group between Northern Ireland and England. In Northern Ireland

the poverty rate has increased by one percentage point, while in England the rate has increased by 10 percentage points.

Poverty depth and duration

The negative consequences of poverty are generally worse for families the longer they spend and deeper they are in poverty. The most commonly used poverty line ('relative poverty') is set at 60% of the median equivalised net household income, and we can look at poverty depth by using thresholds set at lower percentages of median income.

Over the period 2017-20, around two thirds of working-age adults who lived in poverty in Northern Ireland were in so-called 'deep' poverty (being in households with equivalised incomes below 50% of the median). For children in poverty, 6 in 10 grow up in deep poverty and around half of pensioners in poverty are in deep poverty. In all cases, these were lower proportions than those seen in England, Scotland and Wales indicating that as well as having lower overall poverty, a smaller proportion of poverty in Northern Ireland is deep poverty.

Changes in poverty depth in Northern Ireland over time have been muted, although there has been some improvement in both poverty levels and depth for all groups since 2009-12 (with most of the improvement since 2011-14). Generally, pensioners have the lowest proportion of people in poverty in deep poverty, followed by children and then working-age adults. This is likely to reflect the coverage and levels of benefits for each group, which for many households set a minimum income floor.

Northern Ireland has lower poverty and lower poverty depth when compared to the other nations of the UK

Nation	Child poverty depth	Working-age poverty depth	Pensioner poverty depth
Northern Ireland	60%	66%	51%
England	68%	73%	57%
Scotland	74%	76%	58%
Wales	61%	69%	58%

Source: Households Below Average Income, 2017-20, DWP.

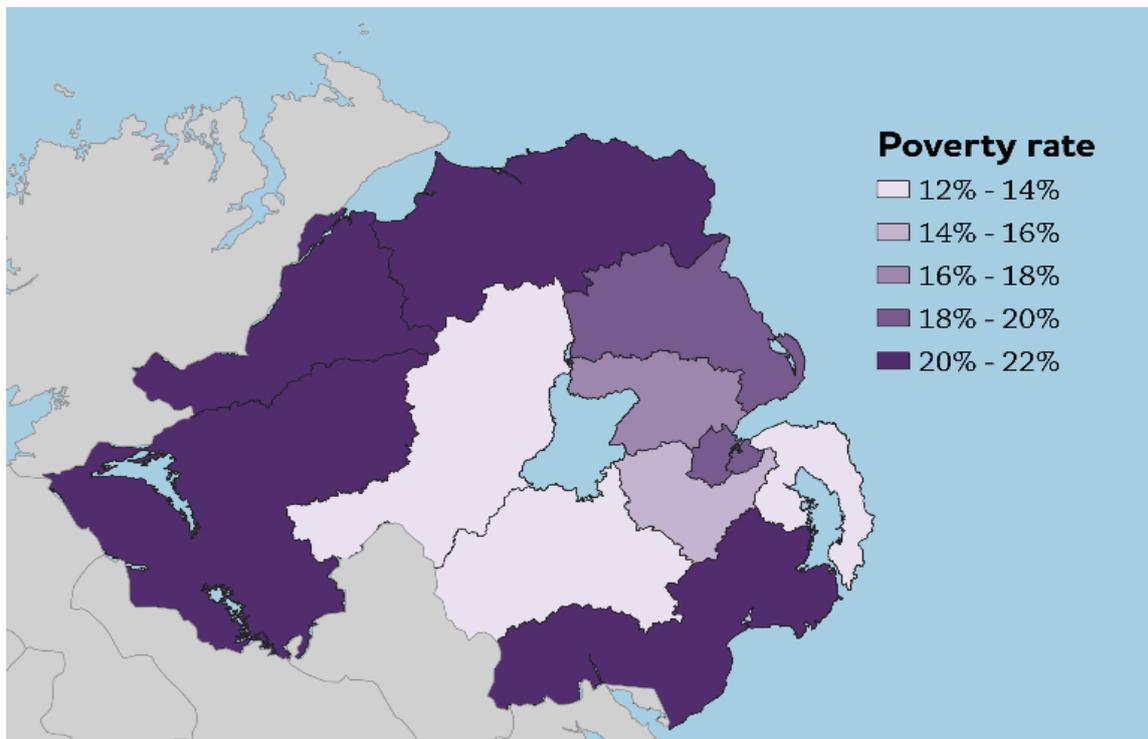
Note: Depth is measured as the percentage of households in poverty who have incomes below 50% of median income.

The time that a family has spent in poverty is measured by 'persistent poverty' with the Income Dynamics publication defining it as being in poverty for at least three of the last four years. Like poverty depth, persistent poverty is lower in Northern Ireland than in the other nations of the United Kingdom, for children, working-age adults and pensioners, but is still around 1 in 10 people. Latest Understanding Society data covers 2018-2019 and shows 9% of individuals in Northern Ireland were in persistent poverty, compared to between 12% to 13% in England, Wales and Scotland. Persistent poverty is highest for children in Northern Ireland, at 12%, followed by working-age adults at 9% with pensioners having the lowest rate of 6%.

The geography of poverty in Northern Ireland

The poverty rate in Northern Ireland does not vary greatly by broad area classification with rural areas having only a marginally lower poverty rate (16%) than urban areas (17%) and Belfast City (18%). However, the breakdown of poverty rates by Local Government District show that poverty rates vary substantially by local area. Rates of poverty are highest in Derry City and Strabane (22%), Causeway Coast and Glens (21%), Fermanagh and Omagh (21%), Newry, Mourne and Down (21%), followed by Belfast (20%) and Mid and East Antrim (20%). Ards and North Down have the lowest rates of poverty, (12%), followed by Armagh City, Banbridge and Craigavon (13%), Mid Ulster (14%) and Lisburn and Castlereagh (15%).

Poverty rate by Local Government District, 2017-20



Source: Households Below Average Income Northern Ireland 2019/20, NISRA

Poverty rates vary by Local Government district and also have seen differing changes over time, but all have seen a decrease since 2009-12

	2009-12	2013-16	2017-20	Change since 2009-12	Change since 2013-16
Derry City and Strabane DC	26	24	22	-4	-2
Causeway Coast and Glens BC	25	26	21	-4	-5
Fermanagh and Omagh DC	24	22	21	-3	-1
Newry, Mourne and Down DC	23	21	21	-2	0
Belfast City Council	23	25	20	-3	-5
Mid and East Antrim BC	21	16	20	-1	4
Antrim and Newtownabbey BC	20	15	17	-3	2

Lisburn and Castlereagh City Council	19	11	15	-4	4
Mid Ulster DC	20	23	14	-6	-9
Armagh City, Banbridge and Craigavon BC	22	20	13	-9	-7
Ards and North Down BC	19	16	12	-7	-4
Northern Ireland	21	20	18	-3	-2
United Kingdom	21	21	22	1	1

Source: Households Below Average Income, 2019/20, DWP.

Note: BC is Borough Council, DC is District Council. These are taken directly from tables in the Northern Ireland Households Below Average Income publication as the geographic indicator is not available on publicly available datasets. This means that any revisions to data after publication are not included. Local Government statistics for 2009-12 should be treated with particular caution as we have had to map across the published data which was only available for the 26 districts of the pre-2014 administrative system to the 11 new 'super-districts'.

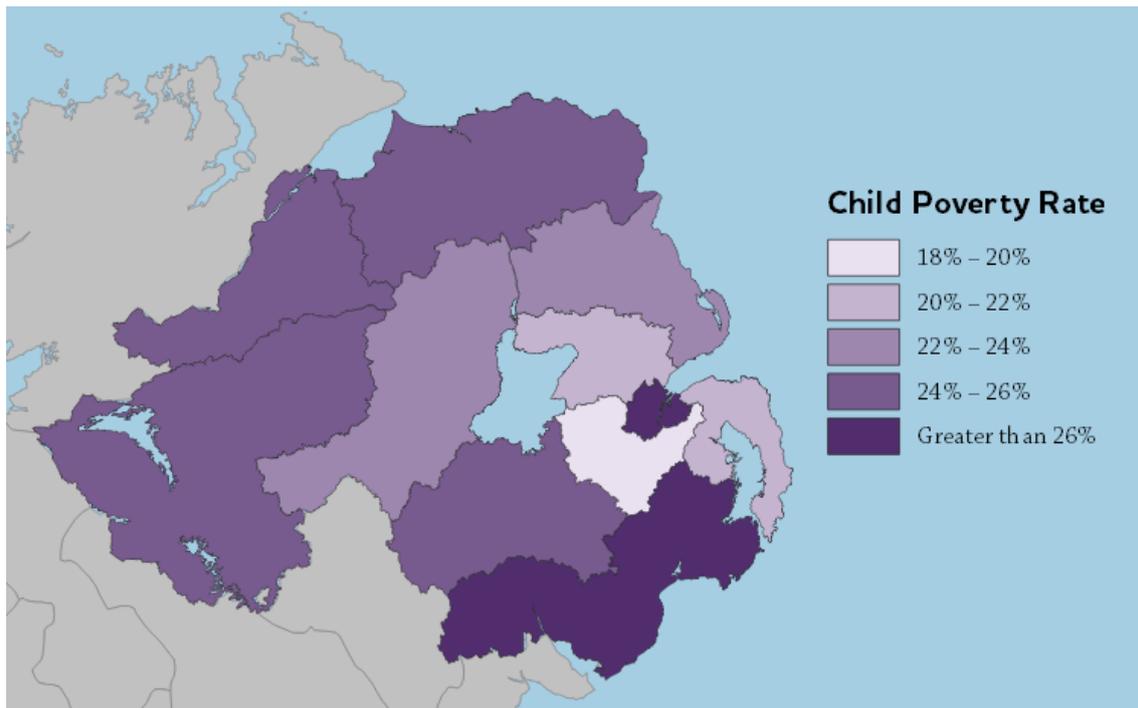
The poverty rate varies by religion, with the highest rates being 22% for people with no religion, 20% for people recording an 'other' religion and 19% for Catholic people. The lowest rate is 12% for Protestant people in Northern Ireland. This is reflected in the geography of poverty in Northern Ireland, where areas with predominantly Catholic populations, including Derry and Strabane (72% Catholic), Newry, Mourne and Down (72%) and Fermanagh and Omagh (64%), have among the highest poverty rates, while some of the areas with a majority or predominantly Protestant population have among the lowest rates of poverty including Ards and North Down (75% Protestant), Lisburn and Castlereagh (67%) and Armagh and Banbridge (52%). There are some exceptions; Mid Ulster is disproportionately Catholic (64%) but has a comparatively low poverty rate (14%), while Mid and East Antrim is disproportionately Protestant (73%) but has a comparatively high poverty rate (20%).

The varying poverty rates in different areas are driven in part by the trends in rates of employment and economic inactivity. Fermanagh and Omagh (65% in employment), Derry City and Strabane (68%), Causeway Coast and Glens (68%) and Belfast City (68%) had among the lowest proportions of its working-age people in employment and among the highest poverty rates in Northern Ireland. Lisburn and Castlereagh (81% in employment), Mid Ulster (75%) and Ards and North Down (73%) had higher proportions of working-age people in employment and comparatively lower rates of poverty.

Research carried out by Loughborough University and published by EndChildPoverty.org provides insight on the geography of child poverty by estimating the proportion of children who are in after housing costs poverty by local authority. Around one in four children in Northern Ireland are in poverty (24%), compared to three in ten across the UK as a whole (30%), however as with the overall poverty rate this varies by local government district.

Child poverty rates broadly read across to overall poverty rates, with the highest child poverty rates seen in Belfast (26%), Newry Mourne and Down (26%), Derry City and Strabane (26%) and Fermanagh and Omagh (25%).

Child poverty rate estimates by local authority, 2019 – 20



Source: After housing costs child poverty rate estimates from Loughborough University, 2019 – 20.

Work and poverty in Northern Ireland

This section looks at poverty rates for individuals in working-age families, excluding pensioner couples or single pensioner families. Poverty for people in working-age families fell from 23% in 2009-12 to 19% in 2017-20. Over this period, the poverty rate for individuals in working families fell by 1 percentage point to 13%, the only country to see a reduction in this measure of in-work poverty, with increases in poverty risk in the other countries. There was a more dramatic fall of 9 percentage points to a still high rate of 45% for individuals in workless working-age families. Other countries saw reductions, but none of this magnitude.

While the proportion of individuals in working families rose from 79% to 81%, similar increase in other nations means Northern Ireland still has the lowest proportion of people in working-age families who were in working families in the UK. This is driven by economic inactivity where Northern Ireland's rate is, and has been for some time, significantly higher than elsewhere in the UK, in spite of lower unemployment rates.

That being said, the trends for Northern Ireland are more positive than elsewhere in the UK with reductions in poverty for individuals in both working and workless working-age families, with a falling proportion of people over time in the high poverty workless group.

Using decomposition analysis⁶, we can see these three effects (reductions in poverty rates for the workless group, reductions in poverty rates for the working group, and a move from the latter to the former) contribute more or less evenly to the overall reduction in poverty for individuals in working-age families. Looking at family types, we see a slightly more mixed picture with increases in poverty rates for people in working

single-parent families, as well as workless-with-children families (although this is a small group and the poverty rates are volatile), and a falling proportion of couples with no children who are in work.

The share of people in working families and the poverty risk for both working and workless families has been improving over time (change since 2009-12)

Family type	Proportion of people in family type in working family	Poverty risk for people in working family	Poverty risk for people in workless family
Single with children	54% (+10 percentage point (ppt))	20% (+3 ppt)	54% (-8 ppt)
Single no children	64% (+3 ppt)	10% (0 ppt)	37% (-10 ppt)
Couple with children	95% (+3 ppt)	16% (-1 ppt)	70% (+3 ppt)
Couple no children	87% (-3 ppt)	7% (-4 ppt)	31% (-11 ppt)
Overall	81% (+2 ppt)	13% (-1 ppt)	45% (-9 ppt)

Green: Improving (either growth in proportion in work or reduction in poverty risk)

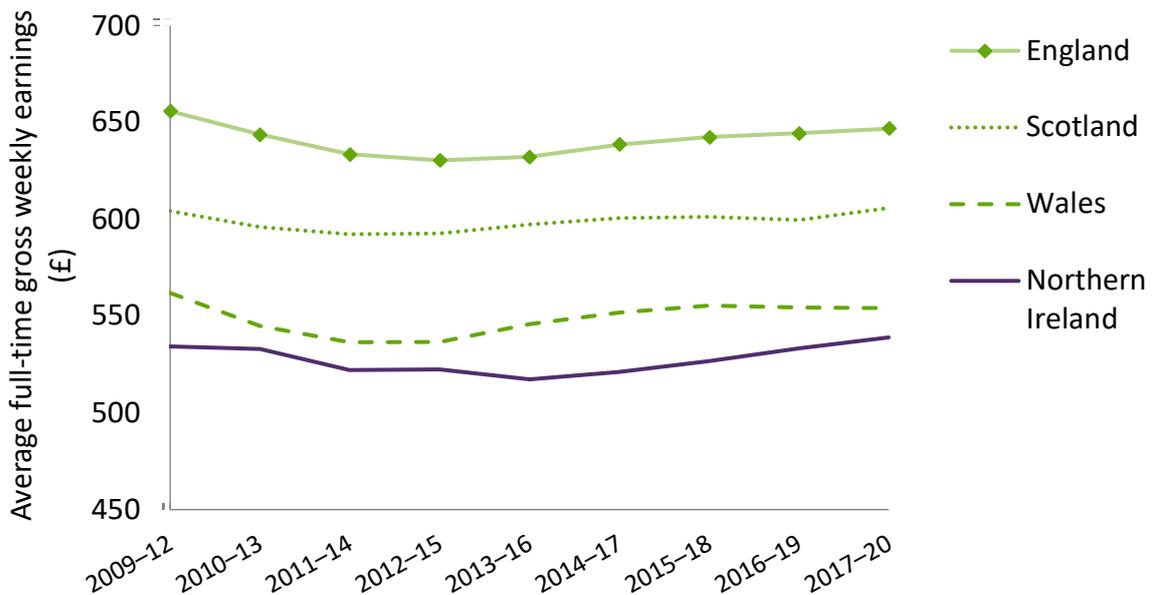
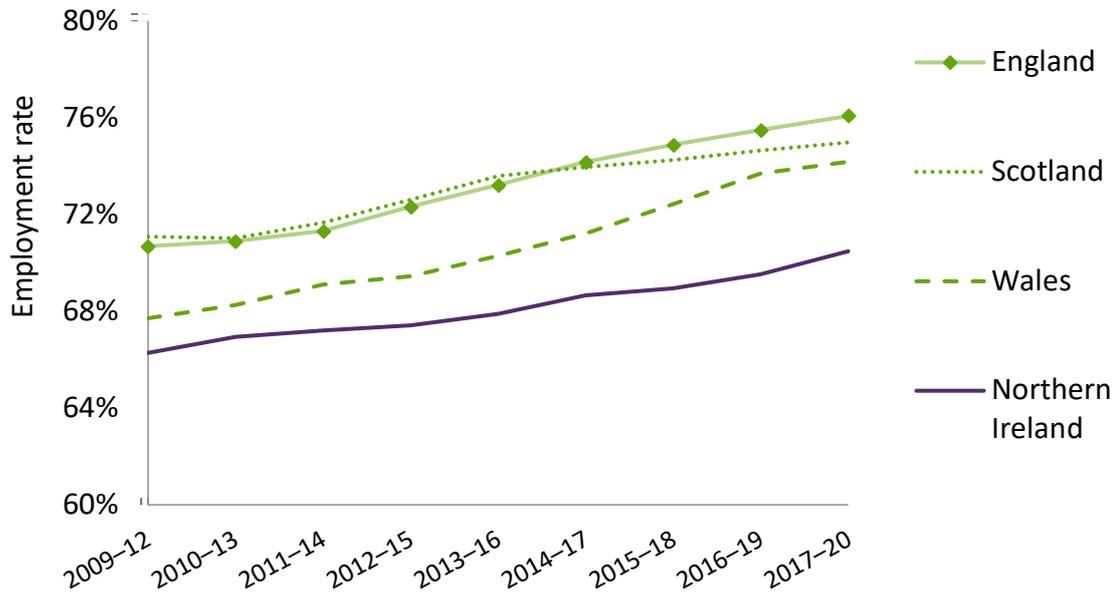
Red: Worsening (either reduction in proportion in work or increase in poverty risk)

Source: DWP Households Below Average Income, 2017-20.

We can also look at changes in the mix of different employment statuses to see what is driving the improvements. There is an increase of 5 ppts to 50% in the proportion of people in working-age families where all adults in the family are in work, with someone in full-time work and there are no full-time, self-employed adults. This group has a low poverty risk of 5%. There has been a 3 ppt fall to 9% in the proportion of families where there are two adults but just one full-time worker and one adult not working. This group has an above average (and rising) poverty risk of 25% in the latest data. The biggest fall in poverty risk for people in working families comes from the family type containing just part-time workers, where the poverty rate fell by 9 ppts to 26%.

Using decomposition analysis, we can see that the changing composition of the labour market between 2009-12 and 2017-20 caused between a 1 ppt and a 2.5 ppt decrease in poverty across all four UK nations, so this has a fairly uniform effect on poverty levels, which is not surprising given the similar increases in employment in each country and similar changes in earnings over the period. What we can also see from labour market statistics is that Northern Ireland continues to have a lower employment rate and lower gross real earnings than other UK nations, which would in itself mean we would expect poverty in Northern Ireland to be higher than other UK nations.

Northern Ireland has the lowest employment rate and average gross weekly earnings of any UK nation but has improved at a similar rate between 2009-12 and 2017-20



Source: Labour Force Survey

In summary, increased employment was a contributory factor to why poverty for working-age families fell in Northern Ireland between 2009-12 and 2017-20, but this was more of a cross-UK phenomenon and so does not explain why the poverty in Northern Ireland fell faster over this period compared to other UK nations, with the reason for this lying with differences in benefits and in housing.

Bringing the story of employment and earnings to the latest available data for Q4 2021, we see employment in Northern Ireland is the furthest below its Q4 2019 level of all UK countries, at 1.7 ppt lower, with the proportion of the working-age population

in the inactive category going up by 1.5 ppt. Other countries either saw employment back to late 2019 levels in the case of Wales or around 1 ppt lower in the case of Scotland and England. The fact that Northern Ireland already had the lowest employment rate and is recovering more slowly is worrying in terms of poverty and other impacts. Full-time gross weekly earnings have increased compared to Q4 2019 like most other UK nations.

Benefits and poverty in Northern Ireland

The picture in Northern Ireland with respect to the benefits system and its impact on poverty is complex and difficult to explain. This section outlines the analysis we have carried out but we believe further work is required to unpick differences in this area in poverty rates and trends in Northern Ireland compared to other UK nations, and we will need to work with partners in Northern Ireland to do this.

On the one hand, the proportion of individuals in working-age families in receipt of Universal Credit or the legacy benefits it is replacing, like Jobseekers Allowance, is the highest of any of the four nations, at around a third of families, compared to around a quarter in the other nations, meaning that social security income will be more important to low-income families' standard of living in Northern Ireland compared to elsewhere in the UK. Over time, the proportion of individuals in working-age families in receipt of Universal Credit or equivalents has fallen by 13 ppts in Northern Ireland, which is the smallest reduction of all UK nations. The contribution of benefits to incomes in Northern Ireland has fallen over the period 2009-12 to 2017-20 because of this reduction. This will be due to a combination of a recovery following the global financial crisis, as well as welfare reforms restricting eligibility to benefits.

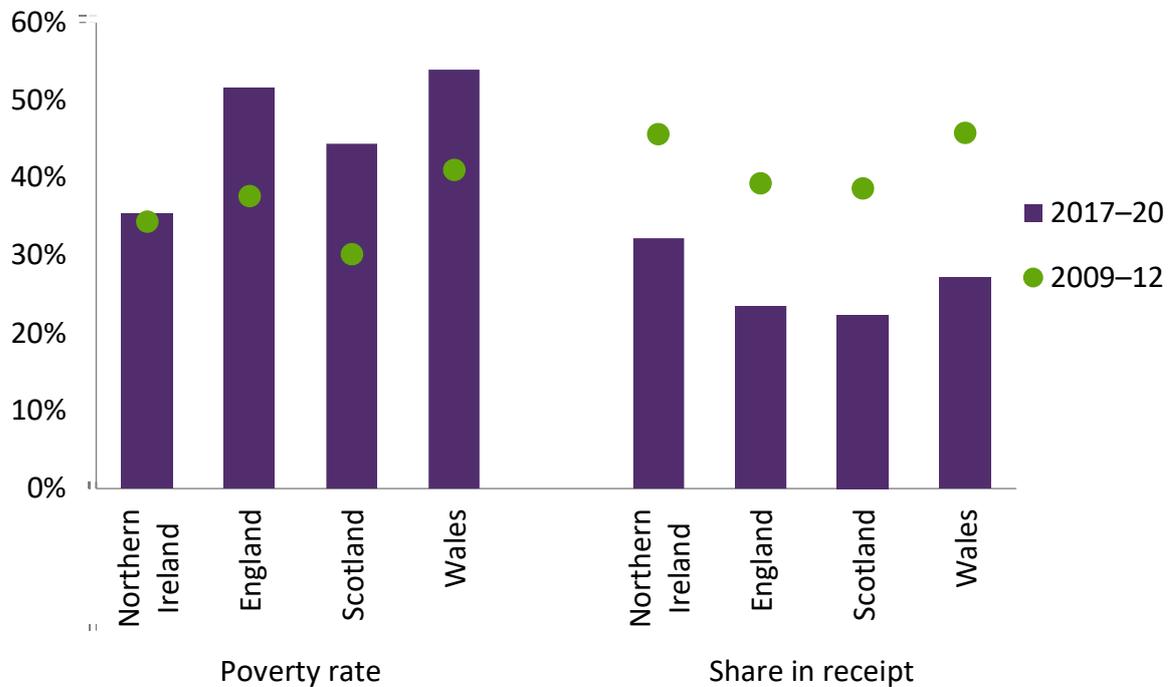
On the other hand, the poverty rate for such individuals is very much lower than for the other nations, with just over a third of individuals in Northern Ireland in working-age families in receipt of these benefits being in poverty, compared to 44% in Scotland and over half of individuals in receipt in England and Wales. Looking at changes in the make-up of the incomes of low-income households since 2009-12, the reduction in benefit income over time is lower in Northern Ireland than for other countries.

What is more, since 2013-16, poverty rates for working-age families in receipt of Universal Credit, or equivalent, in Northern Ireland have fallen, following a long period since 2006-09 of rising poverty, meaning poverty rates amongst individuals in receipt of Universal Credit or equivalents is around the same as those who received equivalent payments in 2009-12. In the other three nations, poverty for people in families in receipt of Universal Credit or equivalents was on an upwards trend throughout the period, resulting in massive increases of 13 ppts in Wales, 14 ppts in England and 14 ppts in Scotland. The increased poverty risk for individuals in families in receipt of Universal Credit and equivalents seen in Wales, England and Scotland is what would be expected – welfare reforms will have tended to both reduce benefit values and to restrict eligibility to poorer families.

This is difficult to explain. We see, despite having a comparatively higher proportion of the population who receive social security payments as part of their income, that there

has not been a large increase in poverty amongst this group as there has been everywhere else in the UK.

All countries saw a reduction in the proportion of individuals in working-age families in receipt of Universal Credit or its legacy equivalents, but only Northern Ireland did not see a corresponding large increase in the poverty risk



Source: Households Below Average Income, 2019/20, DWP.

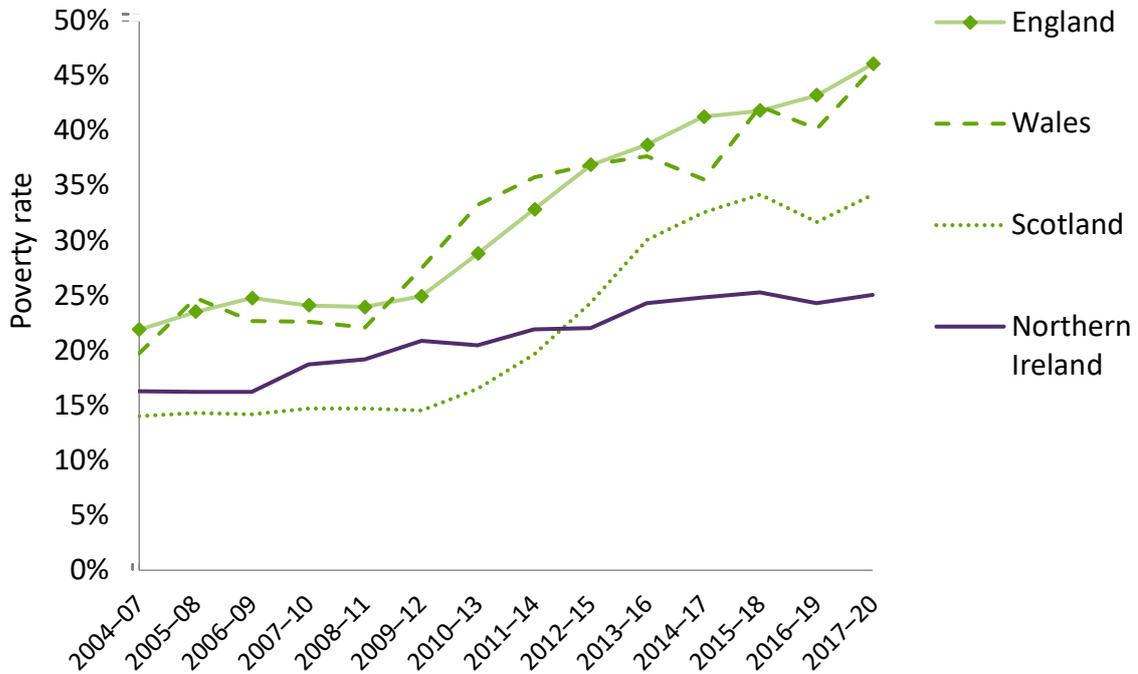
We can use a decomposition analysis to look at how these two counteracting effects drive the differences in working-age poverty between Northern Ireland and other nations. The higher rates of benefit receipt would add between 1.5 and 2.5 ppts to Northern Ireland’s poverty rates compared to other countries, but the lower poverty risk for individuals in families in receipt reduces the rate by around 5 ppts compared to England and Wales, and around 2.5 ppts compared to Scotland.

It is notable that Northern Ireland has seen a flat poverty profile while Scotland has seen a lower poverty increase than in England or Wales, as these are the two nations where the benefits system is most devolved and some mitigations of the most poverty-increasing welfare reforms have taken place⁷. The most notable mitigation in Northern Ireland is the social sector size criteria mitigation which reverses the ‘bedroom tax’ helping 34,000 claimants in 2019/20, with the benefit cap also not applying. While clearly valuable to those who receive it, it is less clear if it is having a significant impact on headline poverty rates. Indeed, the mitigations cannot be the whole story as poverty also reduced for Universal Credit claimants who were buying with a mortgage or privately renting, who are a lot less likely to receive these mitigations.

Much of the lower poverty rate in Northern Ireland for working-age families in receipt of Universal Credit or equivalents compared to England and Scotland is driven by working families with children receiving the benefits. People in such households make up at least half of individuals in families receiving Universal Credit or equivalents. The

positive picture for working-age families in receipt of Universal Credit or equivalents compared to the same group in other nations persists across work statuses, tenures and family size. It is again unclear why this should be the case.

Poverty for individuals in working families with children receiving Universal Credit has worsened at a much slower rate than other UK nations



Source: JRF analysis of DWP Stat-Xplore (Households on Universal Credit), Northern Ireland Department for Communities, HMRC Personal Tax Credits statistics and DWP HBAI data.

The roll-out of Universal Credit has been slower in Northern Ireland, but the profile of tax credit recipients in Northern Ireland is similar to other nations in terms of the mix of different tax credits, average amounts and assessed incomes, and looking at UK data, there is little difference in poverty rates for this family type if they are working by whether they are in receipt of tax credits or Universal Credit.

Looking at other benefits, there is not such a big difference between Northern Ireland and other UK countries, in terms of either the level of poverty in 2017-20 or changes between 2009-12 and then. Northern Ireland does have the lowest rate of poverty for individuals in families in receipt of Pension Credit, although it has seen a greater rise in poverty for this group over the period than in Scotland, so this is not the explanation of the falling rate of pensioner poverty over the period.

Poverty rates in Northern Ireland are similar to Scotland for disability benefits, Carers Allowance and Pension Credit (and change since 2009–12)

Benefit	Northern Ireland	England	Scotland	Wales
Universal Credit and equivalents	35% (+1 percentage point (ppt))	51% (+14 ppt)	44% (+14 ppt)	54% (+13 ppt)
Disability benefits	17% (0 ppt)	19% (+4 ppt)	16% (+4 ppt)	19% (+6 ppt)
Carers Allowance	25% (+3 ppt)	27% (+8 ppt)	24% (+7 ppt)	23% (-1 ppt)
Pension Credit	17% (+5 ppt)	31% (+9 ppt)	19% (+1 ppt)	24% (+9 ppt)
None of the above	12% (-2 ppt)	15% (0 ppt)	14% (+2 ppt)	15% (+2 ppt)

Green: Lowest poverty rate (greatest fall / smallest rise)

Red: Highest poverty (largest rise / smallest fall)

Source: DWP Households Below Average Income, 2017-20.

1. Universal Credit or equivalent covers families in receipt of Universal Credit (UC) or any of the legacy benefits it is replacing such as working-age Jobseeker’s Allowance (income-related), Employment and Support Allowance (income-related), Income Support, Child Tax Credit, Working Tax Credit and Housing Benefit.

2. Disability benefits include any form of Disability Living Allowance, War Disablement Pension/Armed Forces Compensation Scheme, Attendance Allowance, Industrial Injuries Disablement Benefit and any form of Personal Independence Payments. The income from these benefits has been included as income, but these are actually paying for extra costs of disability, rather than increasing living standards. If these benefits are not included as income the poverty rate for this group rises to 39%.

3. Carer’s Allowance recipients are more likely to live with someone in receipt of disability benefits. If disability benefits are not included as income the poverty rate for this group rises to 45%.

The fall in pensioner poverty in Northern Ireland is driven particularly by reductions in poverty for pensioner couples which fell from 16% in 2009-12 to 11% in 2017-20. This looks to be driven by increased reported take-up of the state pension, which according to DWP’s Pensioner Income series rose from 92% to 96% for pensioner couples in the bottom quintile of the income distribution After Housing Costs, with much smaller increases of 0% to 2% for the other countries. The average amount of State Pension received by couples in receipt of the benefit increased by around the same amount in Northern Ireland, England and Scotland.

In terms of the more recent picture, as the coronavirus pandemic unfolded, many families across the UK turned to income-related benefits to support them in economically turbulent times. Northern Ireland was no exception. By November 2021, over 100,000 families were receiving Universal Credit benefit payments – roughly one in seven of all working-age families and almost double the number pre-pandemic (February 2020).

The rate of increase was fastest of all four nations in Northern Ireland, with the caseload in England going up by around 70%, and the caseload in Scotland and Wales going up by between 55% and 60%. This could in part reflect some catching up after the slower roll-out of Universal Credit in Northern Ireland, which continues to have a lower rate of working-age families in receipt of Universal Credit than other nations.

The future prospects for poverty amongst benefit claimants are mixed. The lowering of the taper rate and increase to the work allowance announced in November 2021

means that low-income working households receiving Universal Credit will see a boost to their income worth £1,000 on average, negating the impact of the removal of the £20 Universal Credit uplift in October 2021. Workless families, however, have also lost the uplift, and with benefit rates at their lowest for thirty years in real terms, are facing rising living costs on a very low income.

The welfare mitigations in Northern Ireland were extended indefinitely from February 2022. In addition to the 35,000 households receiving mitigation payments, a further 1,000 families were helped as loopholes were closed⁸.

Poverty and housing

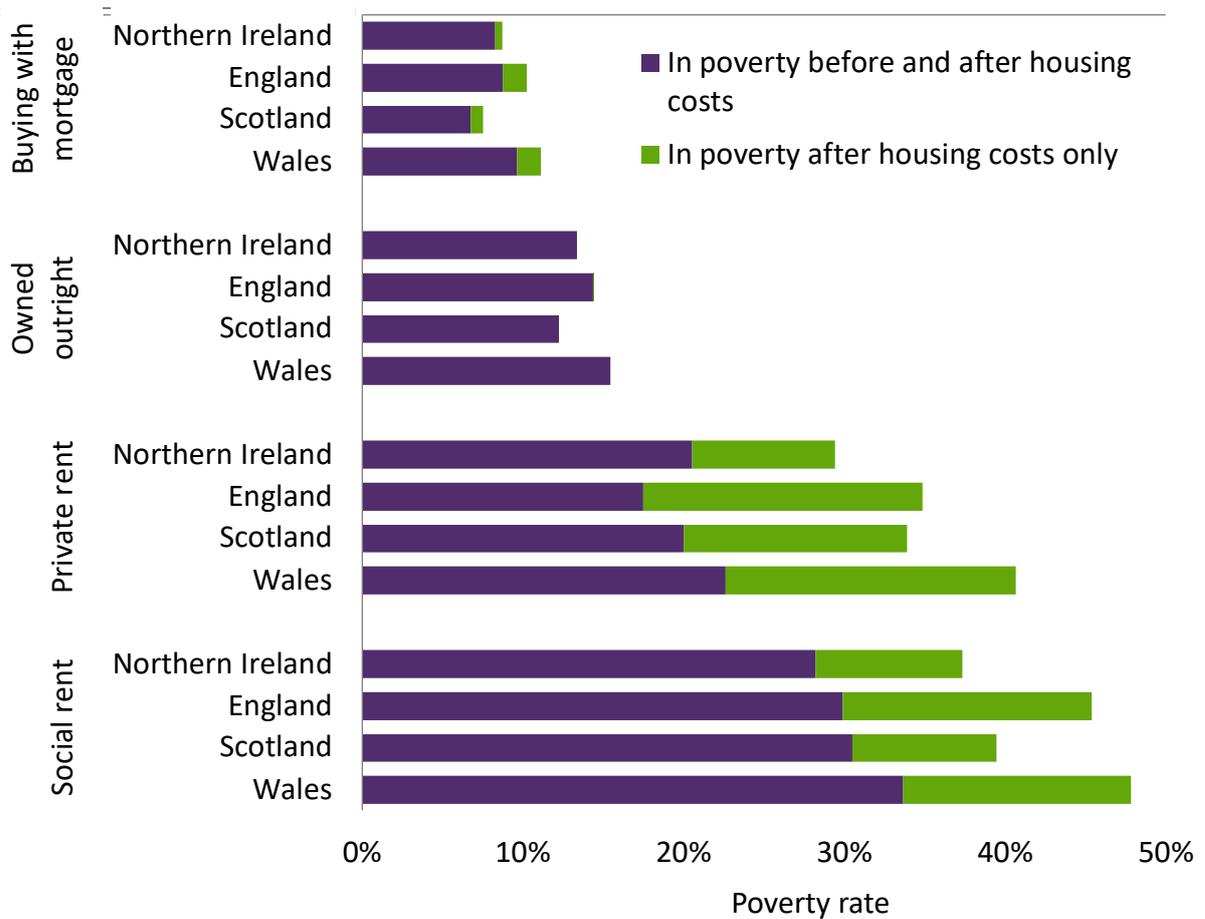
The comparatively lower housing costs and the tenure composition in Northern Ireland are important drivers of the lower poverty rates in Northern Ireland. Both renters and those buying with a mortgage pay the lowest average housing costs (rents, mortgage interest and other housing-related costs) of any region or country in the UK, while Northern Ireland has a slightly higher proportion of households in owned-outright occupation (39%) and a slightly lower proportion renting (34%) than in England (35% in owner-occupation, 37% renting) and Scotland (35% in owner-occupation, 36% renting).

The disproportionately low incomes many social and private renters are on are key drivers of the relatively high rates of poverty among renters. Almost three quarters of social sector renters and just over half of private sector renters are in the bottom 40% of incomes before housing costs. This means that over a third (37%) of social renters and three in ten (29%) private renters are in poverty compared to around one in ten of those who own their home.

Around one in ten (9%) people in both the social and private rented sectors are pulled into poverty by the costs of their housing which, although substantial, is much lower than the percentages of private and social renters across other UK nations pulled into poverty because of housing costs which range from 14% to 18%. As described above, this reflects the role the lower housing costs in Northern Ireland play in preventing more people from being pulled into poverty. The comparatively high rate of poverty in the social rented sector reflects the allocation of social housing on the basis of need.

Poverty rates are much lower for those buying with a mortgage (9%) and who own outright (13%); the vast majority are in poverty both before and after housing costs, highlighting the role of low incomes, rather than being pulled into poverty by their housing costs alone.

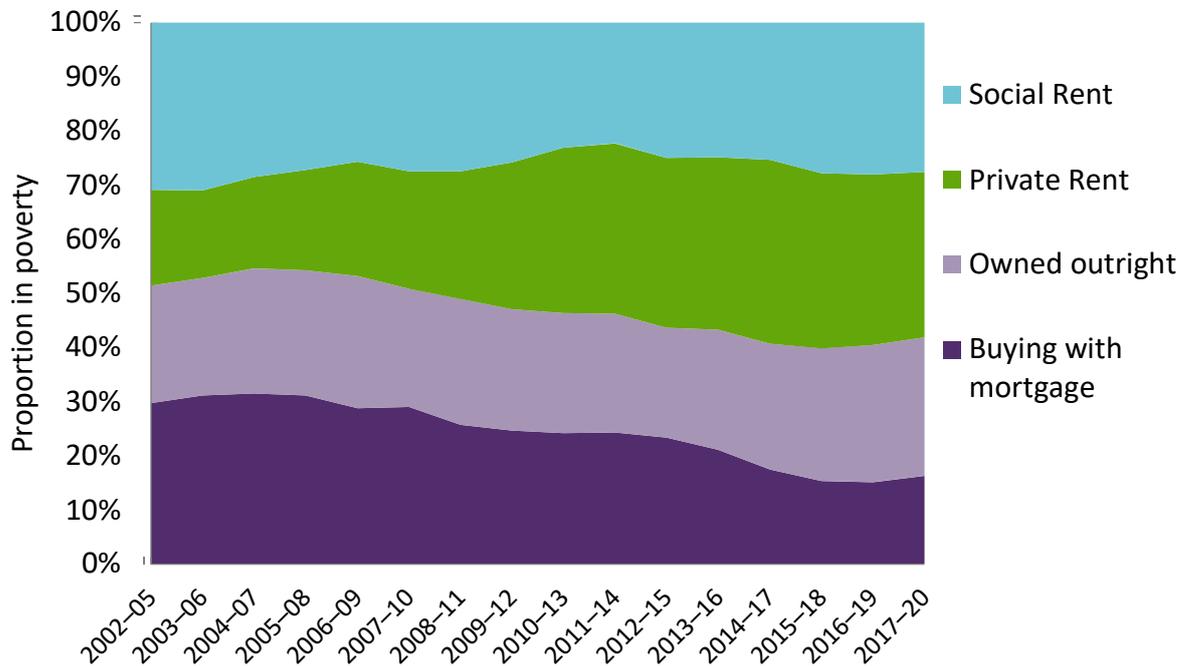
Poverty rates are highest for social and private renters in Northern Ireland, although across all tenures poverty rates are lower than in England and Wales on average



Source: Households Below Average Income, 2019/20, DWP.

In 2017-20, the majority of people in poverty were renters, with the proportion of people in poverty living in the rented sector generally trending upwards since the mid-2000s. Three in ten (30%) were private renters, a substantial increase from 18% in 2003-05 and up slightly from 27% in 2009-12, and 28% were social renters, down from 31% in 2003-05, but slightly higher than the 26% in 2009-12. A quarter (26%) were in owned-outright accommodation, up from 22% in 2003-05 and 2009-12, while 16% were buying with a mortgage, almost halving from 30% in 2003-05, having fallen to 25% by 2009-12.

Over the last fifteen years the proportion of people in poverty who are private renters has increased substantially while the proportion buying with a mortgage has almost halved



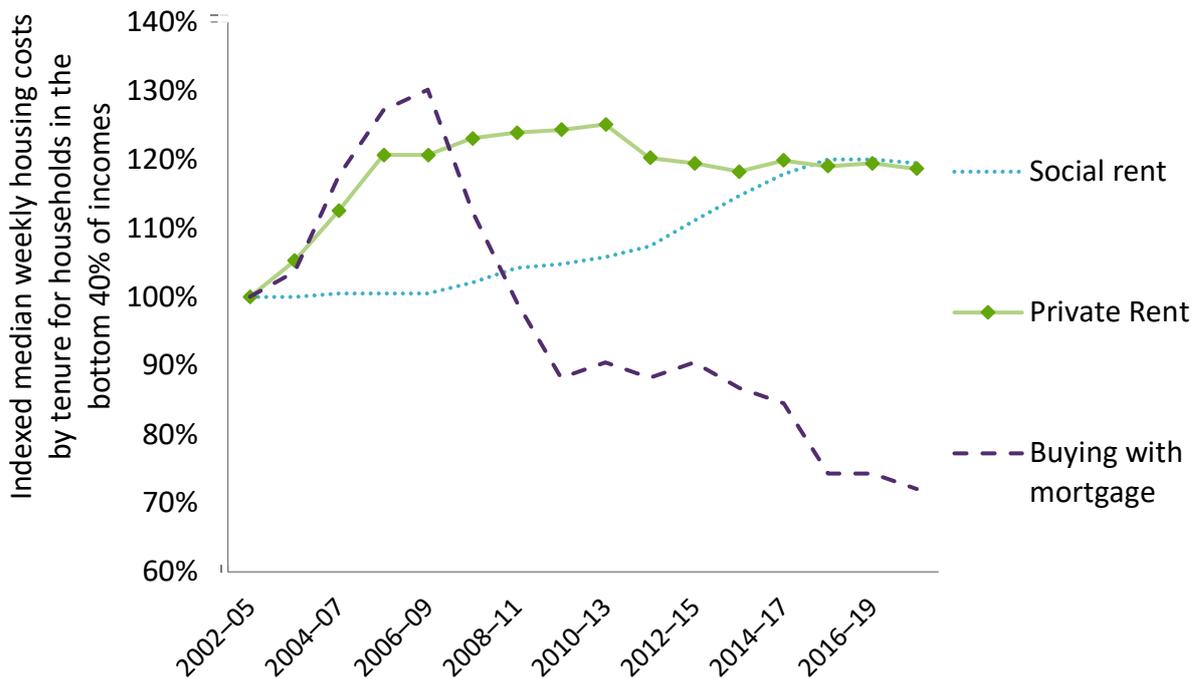
Source: Households Below Average Income, 2019/20, DWP.

This substantial shift in the tenure composition of those in poverty reflects the overall shift in tenures seen over the last 15 years. In 2003-05 over four in ten households in Northern Ireland (42%) were buying with a mortgage, falling substantially to 31% by 2009-12, and continuing to fall to just over a quarter of households (27%) in 2017-20. This trend is driven largely by the inability of many younger households to get onto the housing ladder; the proportions of households headed by someone aged 16 to 34 that were buying with a mortgage plummeted from 57% in 2003-05 to 33% in 2009-12, and remained at this rate at 32% in 2017-20. In its place, the proportions of this group living in the private rented sector more than doubled from 21% to 46% by 2017-20, while the proportion living in the social rented sector stayed broadly the same at 16%.

The fact that housing costs for low-income renters over recent years did not rise significantly is an important buffer against increases in poverty rates. In real terms, over the last fifteen years the median weekly housing costs paid by low-income private renters and social renters increased by 19% or £15 and £12 respectively to £98 and £76, shown in the graph below. For private renters, much of this increase happened in the years preceding the financial crash, and have remained flat following the crash, likely limited in part by the introduction of the local housing allowance. For low-income social renters, the increase has been more gradual as social landlords increased rents above inflation, although this trend flattened as the largest social housing provider, the Northern Ireland Housing Executive, froze rents for five years from 2015.

Households buying with a mortgage have benefited from falling mortgage interest rates since the financial crash; the median housing cost for low-income households buying with a mortgage (which excludes mortgage capital) reached a new low in 2017/20 of £33, down from a peak of £59 in 2006/09. Lower mortgage interest costs mean we have seen a fall in the proportions of people in households buying with a mortgage pulled into poverty by housing costs alone from about 3% in 2005/08 to less than half a percent in 2017/20.

Housing costs for low-income households buying with a mortgage in Northern Ireland have fallen sharply in real terms since the financial crash, while costs for low-income renters have increased by 19% above inflation over the last fifteen years



Source: JRF analysis of Households Below Average Income, 2019/20, DWP.

Notes: Indexed median real weekly housing costs by tenure for households in the bottom 40% of incomes. Index: 2002/05 = 100.

Low-income households buying with a mortgage paid only marginally more on average on total weekly housing-related outgoings (including mortgage capital) than private renters at £100 a week and £98 a week respectively. Those buying with a mortgage benefit from the accrual of wealth that comes with homeownership, with on average two thirds of this outgoing (£67 a week) invested as capital into their mortgage and £33 as costs. By contrast, all of the £98 a week in outgoing paid by private renters is cost, from which they do not see any additional benefit.

All in all, the lower housing costs in Northern Ireland do contribute to the lower poverty rates, and there is evidence of a widening gap in terms of lower housing costs for low-income individuals compared to England and Scotland. Over the period 2009-12 to 2017-20, Northern Ireland has seen the same tenure shifts as other UK nations, with a lower proportion of households buying with a mortgage and a higher proportion privately renting.

In terms of future prospects, from April 2020 social tenants in Northern Ireland faced above inflation increases in rents, with tenants of the Northern Ireland Housing Executive seeing rents increase for the first time in five years following the rent freeze (although due to Covid-19, the increase in rents for NIHE tenants was delayed until October 2020), which will drive the creeping unaffordability of the social rented sector. In February this year, the Communities Minister announced the freezing of rents for NIHE tenants for 2022/23, a welcome intervention which will go some way to alleviating cost-of-living pressures for their tenants.

Northern Ireland has maintained several important social security buffers that will protect low-income social renters from the impact of some welfare reforms, including the continuation of mitigations against the social sector size criteria (often referred to as the bedroom tax) and the benefit cap. The comparatively low rents paid by both social and private tenants in Northern Ireland mean they are much less likely to be pushed above the benefit cap threshold.

During the pandemic Northern Ireland has seen some of the largest growth in house prices and rents across the UK. As at quarter three in 2021, the average house price was £159,000, the highest it's been in over ten years, with the annual increase of 11% also the largest increase in ten years, although both still substantially lower than the prices and increases immediately preceding the financial crash. The increase in house prices alongside the prospect of increasing interest rates will likely require higher rates of borrowing for first time buyers and increased mortgage interest costs for all households buying with a mortgage.

Following years of reduced support towards housing costs for private renters through the delinking of support from local rents and then freezing of the Local Housing Allowance, the Local Housing Allowance was rebased to the 30th percentile of market rents in April 2020. However, from April 2021 this rate has again been frozen at 2020/21 levels, based on rents as at September 2019. As private rents have increased substantially during the pandemic, housing costs will again have become less affordable for impacted families who are receiving benefits.

While trends in housing have provided a buffer against poverty in Northern Ireland over previous years, the cumulative impact of the effects set out above is that housing cost trends are likely to have a negative effect on poverty levels in the future, with private rents rising, the gap between rents and benefits levels growing again, and rising interest rates increasing the housing costs for households buying with a mortgage.

In terms of housing quality and energy efficiency, data from the latest survey of housing in Northern Ireland⁹ demonstrates that effective policy has weakened the link between poor quality housing conditions and poverty. Households on low-incomes are only slightly more likely to live in poor-quality, or 'non-decent' homes, at 8%, compared to 6% of higher-income households. Much of the poor-quality housing is in the private rented sector, with 11% non-decent, compared to 6% of owner-occupied dwellings being non-decent and only 3% of social rented homes being non-decent. The social rented sector also provides the most energy efficient housing in Northern

Ireland, while the private rented sector and owner-occupied housing perform much more poorly on energy efficiency, with 18% of private rented households and 6% of owner-occupied households in fuel poverty.

The rates of overcrowding, measured by the bedroom standard (using the Households Below Average Income dataset, figures are a three-year average 2017-20), are higher for those in poverty in Northern Ireland, with around 7% of people in poverty in overcrowded accommodation compared to around 3% of those not in poverty. Rates are higher again for those in the rented sector, with just under one in ten (9%) of those in poverty in the rented sector in overcrowded accommodation compared to 4% of those in owner-occupation.

The private rented sector lacks the security provided by the longer-term tenancies, stronger protections against eviction, tighter regulation and social ethos of the social rented sector. Private renting households in Northern Ireland can be evicted 'without fault' by private landlords, which results in greater insecurity of tenure for the higher proportion of households in poverty now living in the sector.

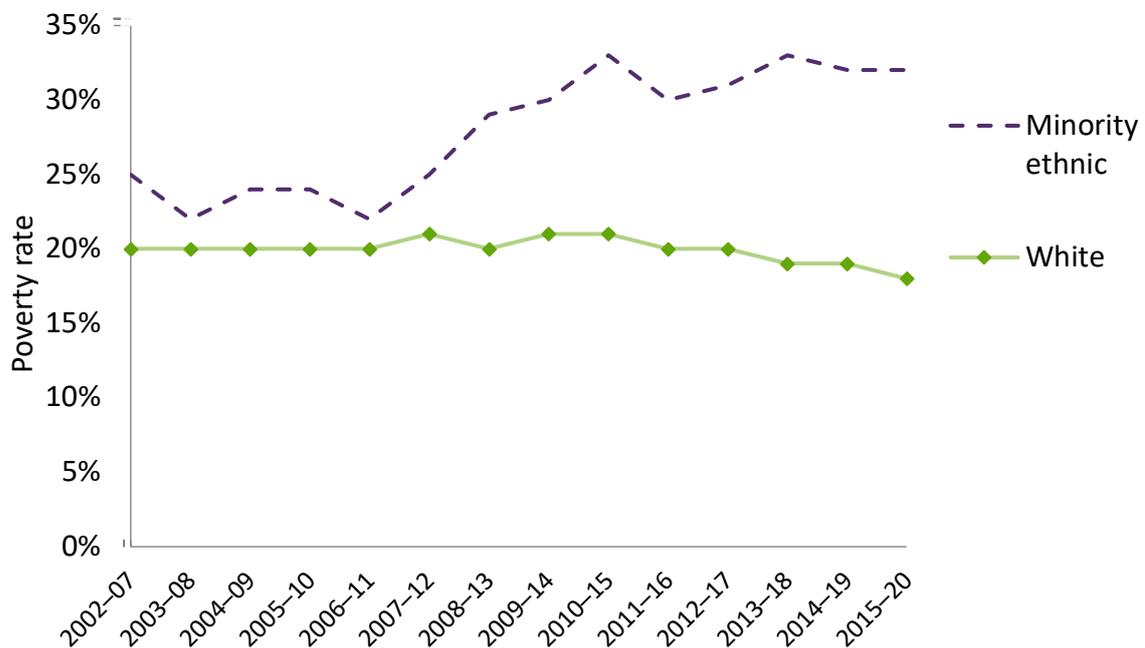
Ethnicity and poverty

The proportion of the population from a minority ethnic background in Northern Ireland is smaller than in the rest of the UK, with just 2% of the population recorded as being from a minority ethnic background in the 2011 Census. Organisations working with minority ethnic communities suggest that this has increased since then.

In this section we will compare poverty rates for households headed by someone from a minority ethnic group or of mixed ethnicity, and households headed by white people in Northern Ireland, to identify differences in their poverty rates and why this might be the case. Due to very small numbers of minority ethnic individuals within the data we have had to combine multiple years of data and are not able to report detailed ethnic groupings. This means that with the data available only so much of the story can be told for minority ethnic communities in Northern Ireland.

In 2015-20, the poverty rate for people in households headed by someone from a minority ethnic group or of mixed ethnicity (32%) in Northern Ireland was almost double that of households headed by white people (18%). The poverty rate for people from a white ethnic background has been falling since around 2010-15. Poverty has steeply increased for people from a minority ethnic background between 2006-11 and 2010-15, with poverty rates in the earlier period around 4 ppts higher for people in minority ethnic households. The gap in the latest period has now grown to 14 ppts.

There is a growing gap in the poverty rate of people in ethnic minority and white households in Northern Ireland



Source: Households Below Average Income, 2019/20, DWP.

The employment rate for working-age minority ethnic people (58%) is lower than for white people (72%) however, this is partly explained by a larger proportion of minority ethnic people being inactive due to being in full-time education or training than white people. Additionally, around 1 in 4 minority ethnic people in a family where someone is in work are in poverty compared to just over 1 in 10 white people.

Around 16% of people from a minority ethnic background are living in unaffordable housing, meaning they are spending more than 30% of their income on housing, compared to 6% of white people in Northern Ireland.

The trends above suggest that without further targeted interventions people from minority ethnic backgrounds, believed to be a growing population, are likely to continue to experience higher rates of poverty than people from white backgrounds. The recent inquiry by the Northern Ireland Affairs Committee into the experiences of minority ethnic and migrant people in Northern Ireland could offer an opportunity to tackle the drivers of poverty such as work, housing and social security for minority ethnic communities in Northern Ireland.

Disabled people and carers

Disabled people in Northern Ireland have faced a higher poverty risk for at least the last 20 years. This is driven partly by the additional costs associated with disability and ill-health, and partly by many disabled people facing barriers to accessing work. Those barriers mean that many disabled people and/or families where someone is disabled rely on benefits as a source of income, which at their current level will almost inevitably lead to higher poverty rates.

The poverty measure used in this section is based on income After Housing Costs excluding Personal Independence Payments, Disability Living Allowance and Attendance Allowance from household income. These ‘extra-cost’ disability benefits are designed to meet the additional costs associated with being disabled. Including them as income can give a misleadingly lower assessment of the poverty risk.

In Northern Ireland, just over one in five people were disabled in 2017-20, comparable with England and lower than Scotland and Wales. Amongst pensioners, the disability rate in Northern Ireland is notably higher than in England and Scotland (49%, 44% and 46%, respectively). At the family level, around a third of families contain at least one disabled person, broadly in line with the equivalent rate in England but notably lower than in both Scotland and Wales.

In 2017-20, just under a third of disabled people in Northern Ireland lived in poverty, 13 ppt higher than non-disabled people. Further to this, of those who are not disabled, a further 60,000 live in a family with at least one disabled person. In other words, of the 390,000 people living in poverty in Northern Ireland, just under half (190,000) are either themselves disabled or live in a family with a person who is.

Poverty rates are higher for disabled people and families containing a disabled person

	Poverty rate	Number of people in poverty
Disabled	31.5%	130,000
Not disabled	18.3%	260,000
In a family where someone is disabled	30.1%	190,000
In a family with disabled adult/s and child/ren	31.5%	10,000
In a family with disabled adult/s only	30.8%	160,000
In a family with disabled child/ren only	23.9%	20,000

Source: Households Below Average Income, 2019/20, DWP.

The higher rate of poverty for disabled people in Northern Ireland is likely in part a result of lower employment rates. Just over a third of disabled working-age adults are employed, less than half the rate of those who are not disabled, and notably lower than equivalent rates in England, Wales, and Scotland. Of those who are working, around a third of disabled people work part-time, 11 ppt higher than those who are not disabled. Two in five children and working-age adults who live in families where at least one person is disabled live in workless families, four times the rate of those who live in families where no-one is disabled.

As a result, a higher proportion of disabled people are in a family in receipt of income-related benefits – 35% compared to around a quarter of non-disabled people.

Whilst poverty amongst disabled people has fallen since 2009-12, the poverty gap between disabled and non-disabled people has remained between 12-14 ppt. The poverty gap for families with at least one disabled person has widened steadily since 2008-11 compared to families where no-one is disabled.

Employment amongst working-age disabled people has increased by around 10 ppt since 2005-08, with a corresponding fall in the proportion of people living in families in receipt of income-related benefits. However, the fall in income-related benefit receipt is markedly lower amongst disabled people, highlighting the higher proportion of disabled people who work part-time, a rate that has remained consistently higher than non-disabled people.

In 2017-20, some 140,000 adults in Northern Ireland were informal carers, around 10% of the adult population. Around two-thirds of them live in families where at least one person is disabled.

Poverty amongst informal carers in Northern Ireland was just under 3 in 10, some 8 ppt higher than those without caring responsibilities, and is the highest of all four UK nations.

Within this, there are notable differences depending on the time spent caring. Carers with relatively low caring responsibilities (less than 20 hours per week) have lower poverty rates than those caring for 20 to 34 hours a week or over 35 hours (20%, 33% and 35%, respectively).

This higher rate of poverty is, as with disabled people, likely to be driven in part by employment rates. Unsurprisingly, working-age carers with higher caring responsibilities (35+ hours a week) have much lower employment rates, with just 2 in 5 employed. As a result, twice as many carers live in families in receipt of income-related benefits than those without caring responsibilities (36% and 18%, respectively).

Poverty amongst informal carers has been higher than those without caring responsibilities for at least the last fifteen years, and the gap has widened significantly since 2008-11. This is likely in part to be explained by the lower rates of paid employment amongst working-age carers, which has been consistently low, around 56%-58% for at least the last 10 years, coupled to this is the greater dependency on inadequate income-related benefits. Whilst the proportion of all working-age adults living in families in receipt of income-related benefits has fallen notably over the last 10 years, the rate of decrease has been much lower for working-age carers.

Future prospects for both disabled people and informal carers are concerning. There has been little progress made in removing barriers that disabled people face in accessing employment and, coupled with inadequate levels of social security support, they are being locked in poverty. Similarly, carers face enormous struggles to make ends meet where the social security system is insufficient to provide a decent income while they care for family members. Given the amount that carers save public services this is a particularly glaring injustice.

The experience of poverty

Cost of living

The cost of living is the spending by households on goods and services to help them fulfil their everyday lives. If the price of goods, especially of essentials, increases at a faster rate than incomes, this squeezes household budgets and puts pressure on households already on lower incomes.

A key part of our definition of poverty is the ability to participate in society: having an income that allows you to meet the cost of living is integral to that.

Beyond the bare minimum of food, clothing, housing and energy, families need to be able to spend money on other areas and goods and services such as transport, communication and household goods. These things allow a basic level of socialising, such as buying small Christmas gifts for loved ones or the ability to organise a birthday meal for your child.

As noted in the introduction to this report, most of the official statistics available predate both the Covid-19 pandemic and the recent spike in inflation so this section of the report, in particular, will not reflect the current experience of people on low incomes. While the cost of living in Northern Ireland is, on average, lower than elsewhere in the UK, with correspondingly lower than average incomes the huge rises in energy bills coupled with the wider increase in inflation will be keenly felt by people on low incomes.

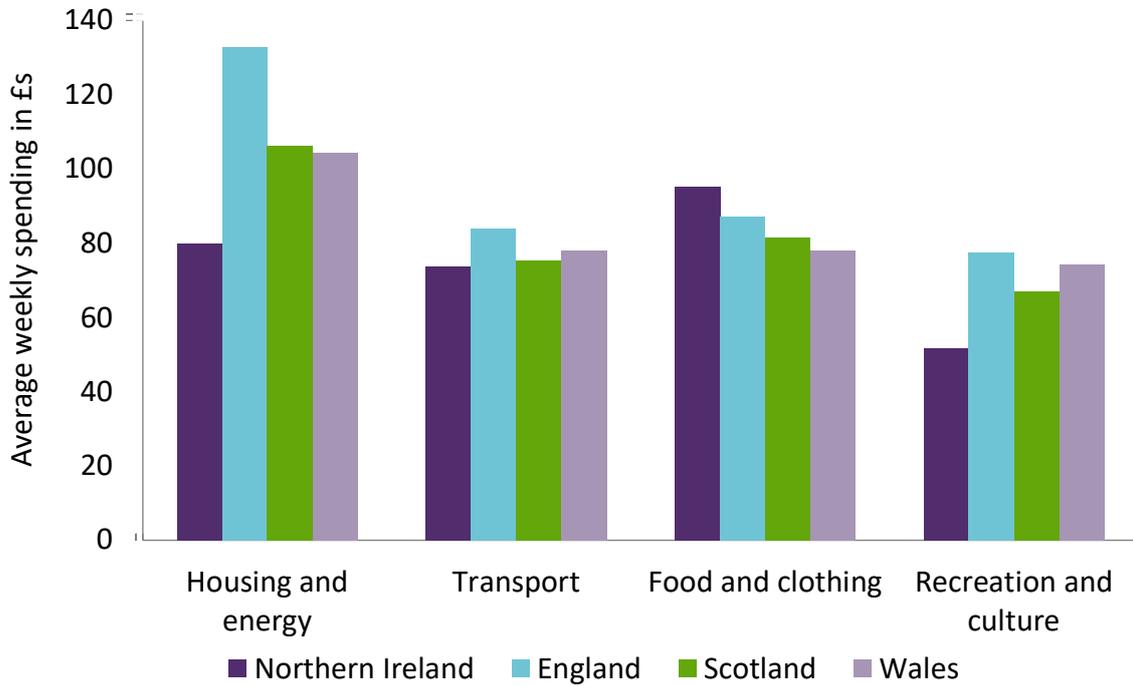
Current inflation rates are already the highest for around 30 years and the Bank of England is forecasting CPI inflation to peak at over 7%. This is much higher than both the rate benefits will be uprated by and the expected earnings growth, meaning family incomes are not expected to increase as quickly as prices. The Bank of England expect inflation to fall from the second half of 2022, however this is made much more uncertain by the Russian invasion of Ukraine, and any fall will take incomes (especially lower incomes) some time to make up their lost value compared to inflation.

That being said, in 2017-20, average weekly household spend in Northern Ireland was £486 a week. This is the lowest weekly spend of any area in the United Kingdom, and is £100 less than the United Kingdom average of £585.

There are two notable areas where Northern Ireland households spend less; firstly on housing (see housing section) and energy (although this will have increased since the data here), and secondly on recreation and culture.

Alongside housing and energy, food and clothing are essential items to ensure a minimum subsistence. The average spend on food and clothing in Northern Ireland is £95 per week, which is higher than other areas in the UK. It means that spending on these bare necessities is 36% of all spending in Northern Ireland, which is very similar to other UK areas.

In 2017-20 Northern Ireland had lower costs than other countries in the UK for housing and energy, transport and recreation and culture



Source: Living Costs and Food Survey, ONS.

Poverty and health

The relationship between health and income is long established. Better health generally improves your quality of life; it allows improved employment opportunities and reduces the extra costs ill-health can bring. Living in poverty means extra stresses on day-to-day decisions and can lock people out of health-promoting services or assets such as better housing.

Children born into the poorest areas of Northern Ireland can expect to live for fewer years in good health than children born into the richest neighbourhoods. As well as this difference in overall life expectancy, those born into the poorest neighbourhoods will also spend a larger proportion of their lives living in poor health.

Overall men born in Northern Ireland can expect to live in good health for 60 years and females for 62 years. For children born into the most deprived 20% of neighbourhoods, this falls to 52.5 years for women and 54 years for men. Women in the poorest neighbourhoods can expect to live in good health for 66% of their lives, and men for 73% of their lives. Those born into the richest neighbourhoods can not only expect to live longer overall, but both males and females expect to live 79% of these longer lives in good health.

Children born into poorer areas will live for fewer years in good health and spend a greater proportion of their lives in poor health

	Years of living in good health			% of life expected to live in good health		
	Overall	Most deprived fifth	Least deprived fifth	Overall	Most deprived fifth	Least deprived fifth
Females	62.1	52.5	67.4	75%	66%	80%
Males	60.0	54.1	65.9	76%	73%	81%

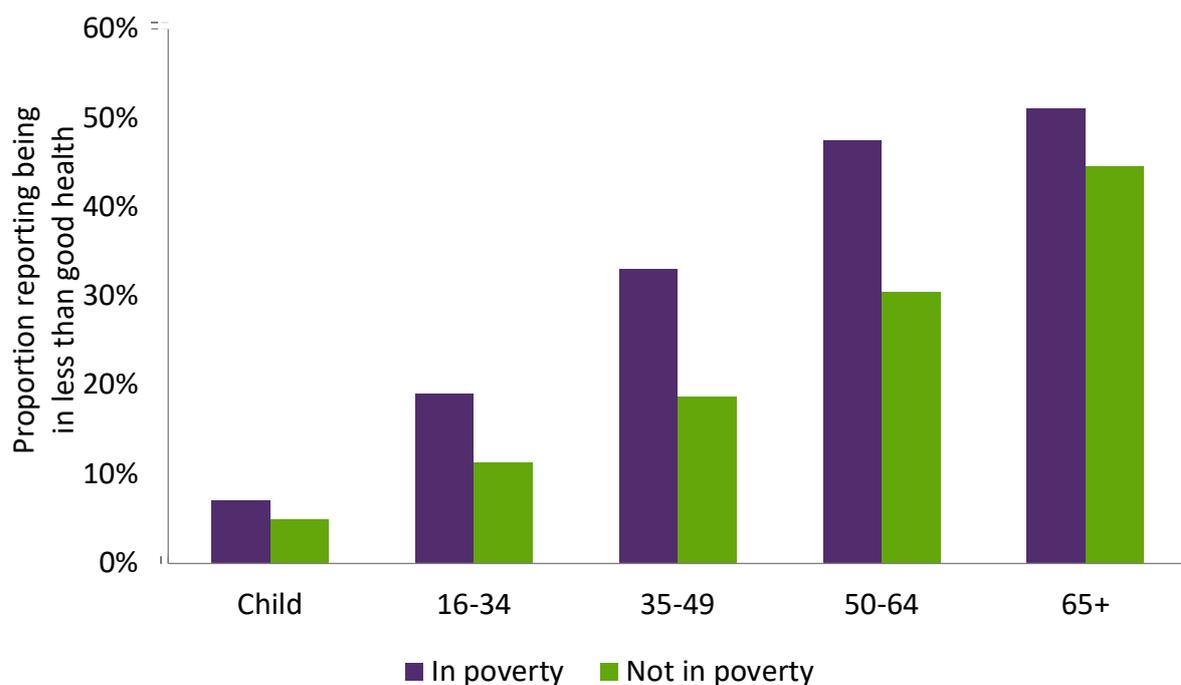
Source: Northern Ireland Statistics and Research Agency 2018 – 20.

Note: Poorest and richest quintiles based on the country's index of multiple deprivation.

Generally, health deteriorates with age. It is therefore no surprise that older adults are more likely to report living in less than good health. However, people living in poverty are more likely to report living in less than good health than those not living in poverty.

Almost one in five (19%) of 16- to 34-year-olds living in poverty reported living in less than good health, compared with 11% of those not living in poverty, while almost one in two (48%) of 50- to 64-year-olds living in poverty don't live in good health, much higher than for those who do not live in poverty (30%). The gap is smallest for the older age group, which may in part reflect the longer life expectancy of higher income households, who may nevertheless have health issues towards the end of their life.

Working-age adults in poverty are more likely to report being in less than good health

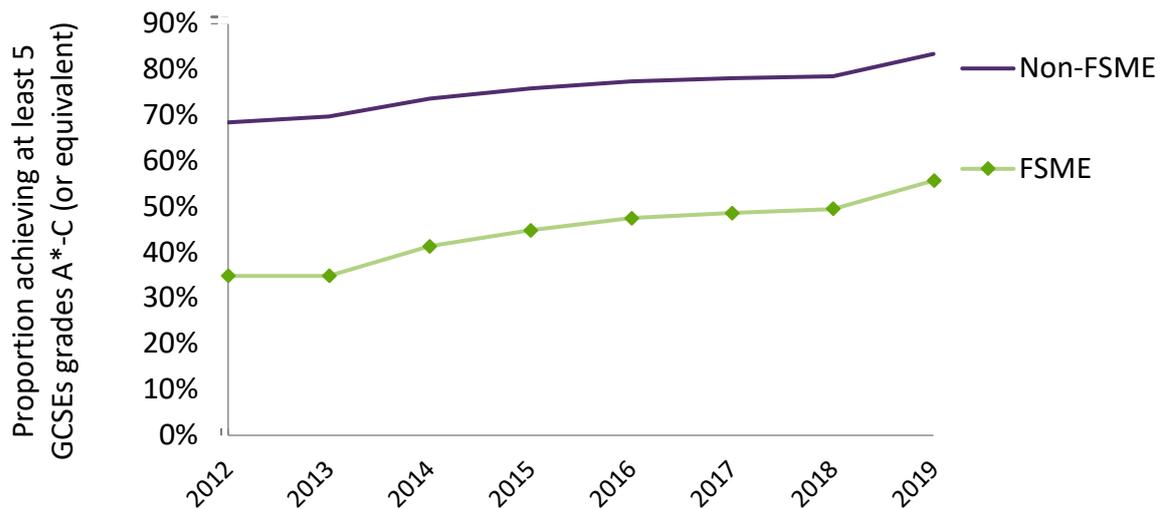


Source: JRF analysis of HBAI and FRS, 2017–20.

Education and poverty

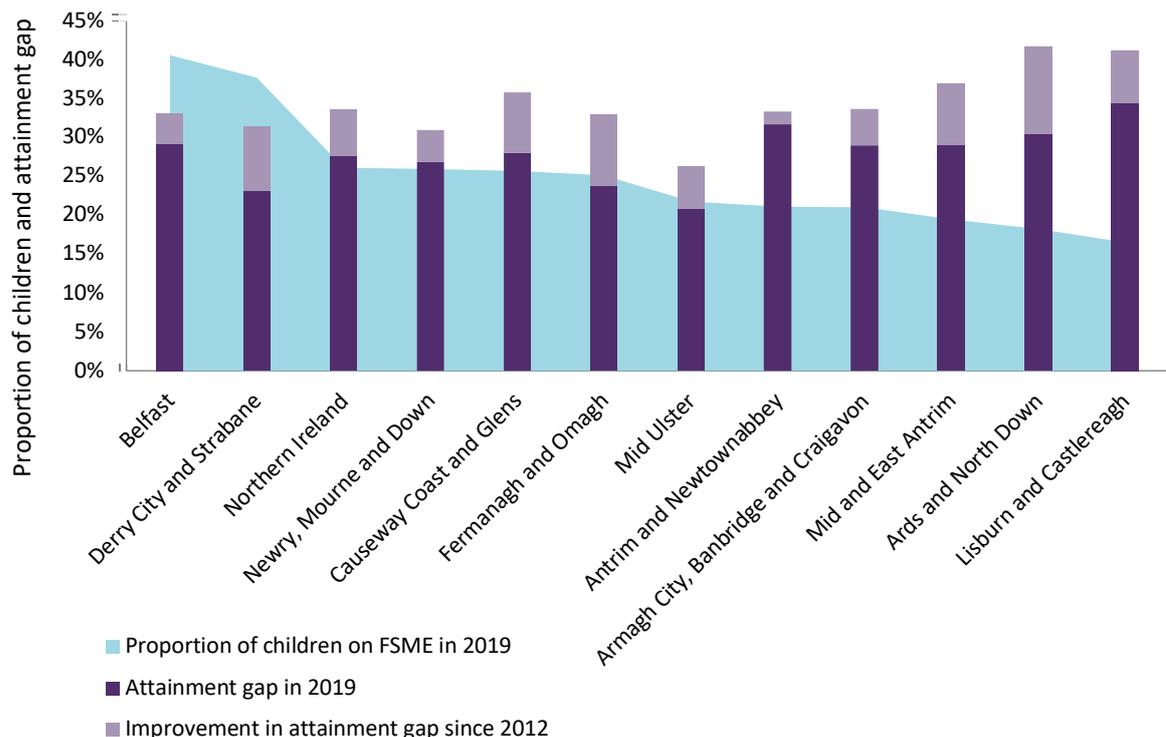
Across children both eligible for Free School Meals (FSME)¹⁰ and children who are not, there has been an overall improvement in attainment at GCSE level. However, as both groups have seen improvements at a broadly similar pace, the FSME attainment gap has only closed by around 6 ppt since 2012.

Proportion of school leavers achieving at least 5 GCSEs grades A*-C (or equivalent) including GCSE English and GCSE Maths



Source: Northern Ireland Statistics and Research Agency.

Free school meal eligibility, attainment gap and progress in different regions of Northern Ireland at GCSE level



Source: Northern Ireland Statistics and Research Agency.

In 2019, there were some variations in the proportion of young people who are FSME across different areas, as well as the size of the attainment gap and the progress in closing this gap made since 2012. The council with the highest proportion of young people eligible for FSM at GCSE level is Belfast City with over 2 in 5 being FSME. In comparison, 17% of young people in Lisburn and Castlereagh City Council are FSME.

Lisburn and Castlereagh City Council has the largest FSME attainment gap and has made a similar level of progress in closing this gap to the national average since 2012 (7 ppt compared to 6 ppt). Mid Ulster had the smallest FSME attainment gap in both 2012 and 2019. Ards and North Down Borough Council has made the largest progress in reducing the FSME attainment gap since 2012 (11 ppt) although still had the second largest attainment gap in 2019.

Northern Irish students from the 20% most deprived neighbourhoods entering their first undergraduate degree (in Northern Ireland) are less likely to be represented in Higher Education institutions, with just 14% of enrolments being from these neighbourhoods.

Savings and debt

Families in poverty are much less likely to have the safety net of savings to cushion the impact of having a low income. This means there is a much higher likelihood of needing to go into debt for unexpected expenses. In 2017-20, 45% of people in Northern Ireland were living in a family where savings are less than £250. This is similar to England and Wales (43% and 44%) but is higher than in Scotland (39%). The risk of living in a family with savings less than £250 is particularly elevated for people in poverty (67%) compared to people out of poverty (40%).

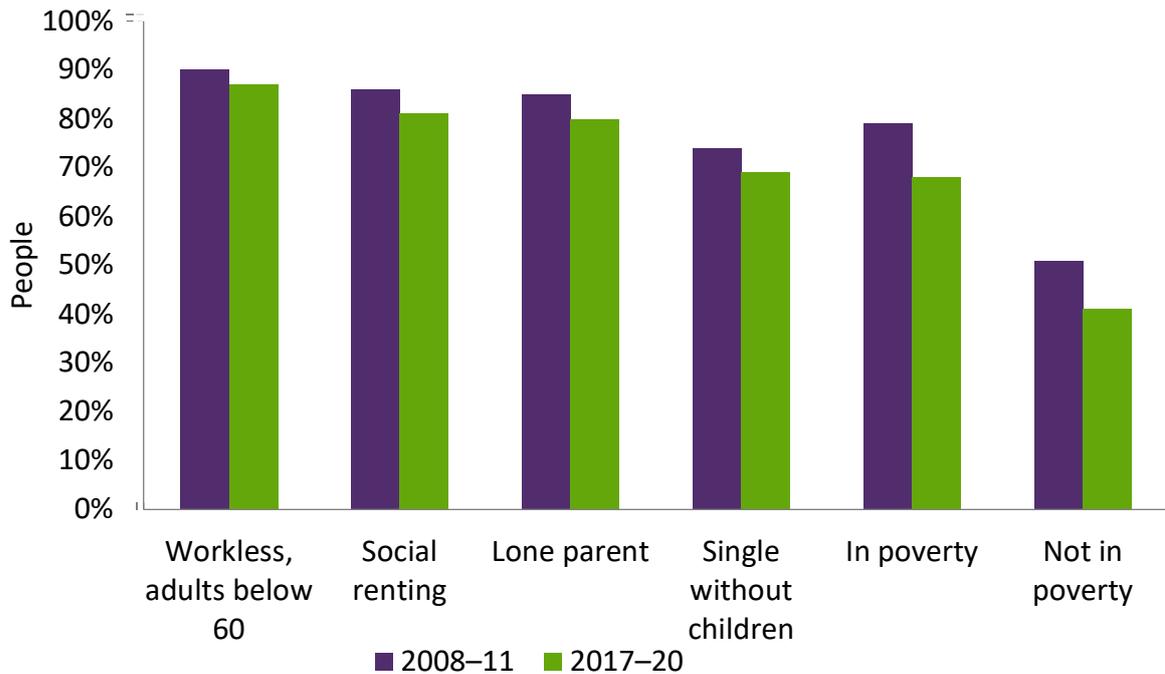
According to this data covering 2017-20, a smaller proportion of households in Northern Ireland are behind with at least one household bill than other nations. For people in poverty, the risk of living in a family that is behind on a household bill is higher at 6% compared to 2% for people not in poverty.

For those people in family types that are particularly susceptible to poverty, many face a higher risk than the wider population in Northern Ireland of having family savings of less than £250. For instance, around 4 in 5 people in either social renting or workless families possess family savings lower than £250. Other high-risk poverty family types with a low level of financial resilience include families that work on a part-time basis (56%), rent privately (57%), have three or more children (48%) or have a youngest child aged 0-4 years old (46%).

These same family types also face an elevated risk of being behind on at least one household bill compared to the general population. People most at risk of their family having bill arrears are in families that are economically inactive (12%), social renting (9%) or contain a lone parent (10%), although again these figures are lower than other UK nations.

Over the last ten years there has been a slight decline in the proportion of people in those family types at a higher risk of poverty who have family savings of less than £250, but it is still the case that at least 7 in 10 people in each of the five family characteristics considered do not have more than £250 in savings. This is deeply worrying given the rising cost of living previously discussed.

Proportion of people living in a family with savings less than £250, by family type and poverty status



Source: Households Below Average Income, 2019/20, DWP.

Food insecurity

Many people struggle to have enough food. Food security is not only about being able to afford enough food but also being able to afford food that is nutritious – food that meets dietary needs and food preferences for an active and healthy life. The banner of food insecurity covers a wide range of circumstances where there is risk of, or lack of access to, sufficient, varied food. It is closely linked to poverty, the quality and quantity of secure jobs, and to the cost of living – higher food prices have greatly reduced access to food for the people who are struggling the most. People who are already more likely to have poorer physical and mental health due to the nature of being in poverty have their health problems exacerbated by an inadequate diet.

The Agriculture Bill 2019–20, reintroduced to Parliament in January 2020, contained a duty for the UK Government to report to Parliament on food security in the UK. As representative data on food insecurity was limited, a new set of food security questions was added to the Family Resources Survey. With the new duty to report on food security, there is now the opportunity to have a much clearer picture of household food security in the context of the wider challenges

The first year of data available on this topic tells us that 1 in 14 households in Northern Ireland are food insecure, a similar proportion to other UK nations. Recently, the Covid-19 pandemic has threatened the food security of people even further. Reduced incomes, increased unemployment and higher food prices have reduced access to food for those affected.

Poverty and neighbourhood

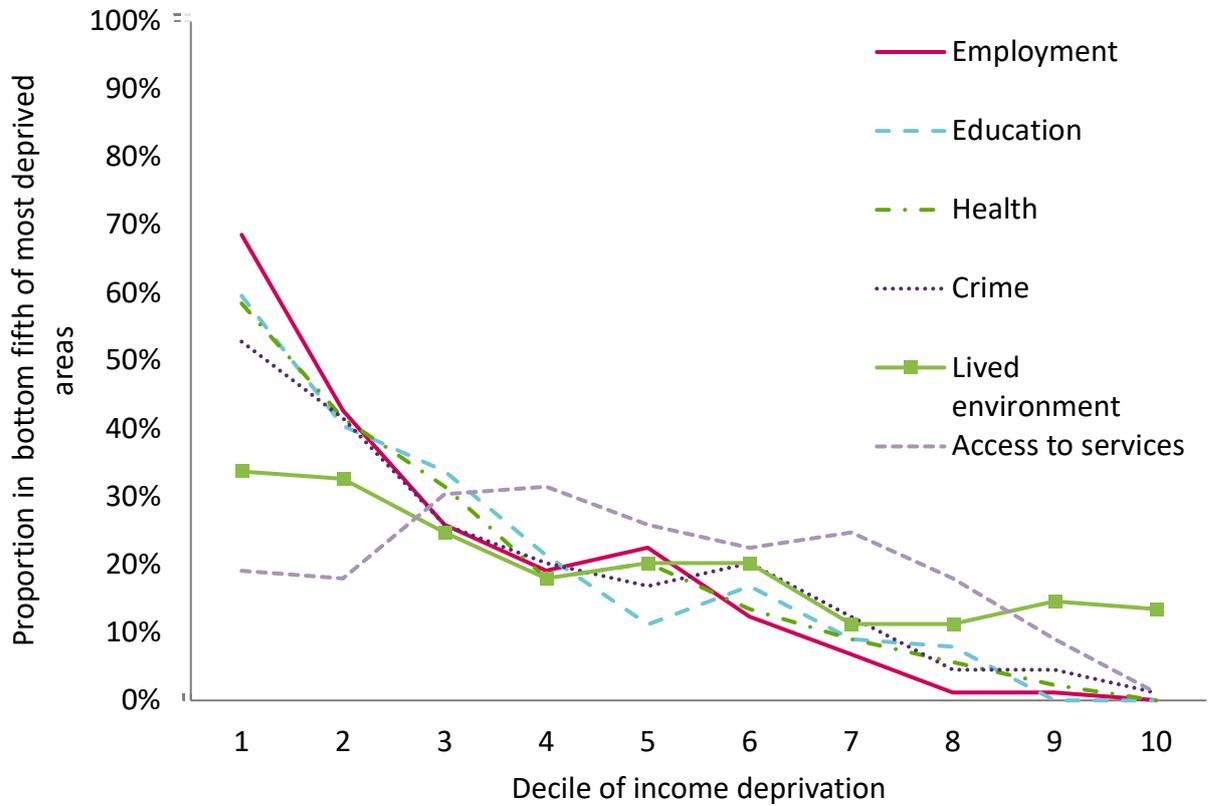
It is not the case that all poor people live in poor neighbourhoods, however it is the case that the rate of poverty in deprived areas (as defined using the national Indices of Multiple Deprivation) are much higher than in non-deprived areas, with a third of individuals living in the 15% most deprived data zones in Northern Ireland being in poverty, compared to 1 in 6 in other areas.

Areas with high rates of low income fare a lot worse on a range of the other domains of multiple deprivation. The Northern Ireland Multiple Deprivation Measure (2017) has seven domains:

- Income deprivation: identifies the proportion of the population living in households whose equivalised income is below 60% of the Northern Ireland median.
- Employment Deprivation: identifies the proportion of the working-age population excluded from work.
- Health Deprivation and Disability: identifies proportions of the population whose quality of life is impaired by poor health or disability.
- Education, Skills and Training Deprivation: identifies the prevalence of poor educational outcomes for children and low levels of qualifications for working-age adults.
- Access to Services: measures the extent to which people have poor physical and online access to key services.
- Living Environment: identifies the prevalence of shortcomings in the quality of housing, access to suitable housing, and the outdoor physical environment.
- Crime and Disorder: identifies rates of crime and disorder at the small area level.

For all the non-income deprivation domains except Access to Services, there is a clear relationship between being in a low-income area and being in areas with worse outcomes in the other deprivations. Areas with worse access to services domain outcomes are more evenly spread across the income domain deciles, reflecting that access to services can also be limited in richer rural areas.

Areas with higher proportions of the population experiencing low-income deprivation are also areas with higher proportions experiencing many other forms of deprivation



Source: Northern Ireland Multiple Deprivation Measure 2017, Northern Ireland Statistics and Research Agency.

Endnotes

1. <https://www.jrf.org.uk/report/uk-poverty-2022>
2. The Northern Ireland Households Below Average Income series publication at <https://www.communities-ni.gov.uk/publications/households-below-average-income-northern-ireland-201920> includes single year figures, showing in 2019/20, 17% of individuals (around 310,000 individuals) were in poverty After Housing Costs. Looking at this by group, 23% of children (around 100,000 children), 15% of working-age adults (around 170,000 adults) and 13% of pensioners (around 40,000 adults) were in poverty. Trends in the single year figures are volatile hence we used three-year averages in this publication.
3. Incomes have been equivalised, which means they've been adjusted for family size and composition. After and Before Housing Costs equivalisation factors are different, so the difference between these incomes is not housing costs.
4. England had the highest housing costs for low-income working-age families throughout the period, while Scotland had housing costs broadly midway between England and Northern Ireland.
5. See pages 13 and 14 at <https://www.jrf.org.uk/report/uk-poverty-2022>
6. See Appendix D of the Institute for Fiscal Studies' 'Poverty and Inequality in Britain: 2006' at <https://www.ifs.org.uk/comms/comm101.pdf>
7. See <https://researchbriefings.files.parliament.uk/documents/CBP-9048/CBP-9048.pdf> for a comparison of mitigations in Northern Ireland and Scotland, and <https://www.communities-ni.gov.uk/system/files/publications/communities/dfc-review-of-welfare-mitigation-schemes-2019.pdf> for a review of the specific Northern Ireland welfare mitigations.
8. See <https://publications.parliament.uk/pa/cm201719/cmselect/cmniaf/2100/210004.htm>
9. The latest survey of housing stock in Northern Ireland which was carried out in 2016. The new survey of housing stock scheduled for 2021 was postponed due to the Covid-19 pandemic. Given the concerns about standards in the private rented sector the lack of a housing stock survey since 2016 is unfortunate.
10. Throughout this section you will see reference to Free School Meal Eligibility (FSME). Pupils in Northern Ireland are eligible for free school meals if their parents receive social security support for low incomes, have a parent who is a student studying full-time, have a special educational need or are an asylum seeker. Parental income data is not available, so FSME is used to identify when children might be growing up in a household in poverty or with low/lower incomes.

About the Joseph Rowntree Foundation

The Joseph Rowntree Foundation is an independent social change organisation working to solve UK poverty. Through research, policy, collaboration and practical solutions, we aim to inspire action and change that will create a prosperous UK without poverty.

We are working with private, public and voluntary sectors, and people with lived experience of poverty, to build on the recommendations in our comprehensive strategy - [We can solve poverty in the UK](#) - and loosen poverty's grip on people who are struggling to get by. It contains analysis and recommendations aimed at the four UK governments.

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